





## EUROPEAN NEWS

## THE WEST GERMAN ELECTION

## Liberals confident of poll success

BY JONATHAN CARR IN BONN



Herr Hans Dietrich Genscher: change of mood

WEST GERMANY'S Liberal Free Democrat party (FDP), junior partner in the Bonn coalition Government, appears increasingly confident that it will be returned to Parliament next Sunday's general election.

Herr Hans Dietrich Genscher, the party's chairman and Foreign Minister, told a news conference here yesterday that he was confident that the FDP's very existence was in danger and, with it, three-party representation in the Bundestag.

He also noted with some apparent pride that, in contrast to the larger parties, the FDP had not been hounded before the arbitration committee, an independent body which has sought (with limited success) to ensure that the campaign is

conducted fairly and without invidious.

Herr Genscher's confident tone contrasts markedly with the stand he has adopted since the summer—namely, that the FDP's very existence was in danger and, with it, three-party representation in the Bundestag.

This fear is underlined in Free Democrat campaign posters in which a pensive Herr Genscher peers out beneath the slogan: "This time everything is at stake." The point is that if a West German party obtains less than 5 per cent of voter support, it cannot have a parliamentary seat.

In the 1976 general election, the FDP gained only 7.9 per cent, and in polling earlier this year in North Rhine-Westphalia, the country's most populous

state, it slipped just below the 5 per cent mark.

Most independent assessments suggest that Herr Genscher has cause to be confident. No major opinion poll at present gives the party less than 5 per cent and one is giving it 9 per cent.

The matter is at least as important to the FDP's coalition partner, the Social Democrat party under Chancellor Helmut Schmidt. The Christian Democrat, Christian Social Union opposition, under its leader Herr Franz Josef Strauss, has recently been gaining ground with the voters.

But so long as the FDP does relatively well and sticks with its coalition partner, which it says it plans to do, the opposition has an almost impossible task in unseating the Government.

## Poland's neighbours echo Soviet warning

By Leslie Collett in Berlin

POLAND'S hard-line neighbours, East Germany and Czechoslovakia, have echoed a thinly-veiled warning to Warsaw by the Soviet Union that Poland's borders are "guarded by the united power of the member states of the Warsaw Pact."

The main Communist party newspapers in East Berlin and Prague have reprinted a tough editorial in the Soviet party daily Pravda pointing to "anti-Soviet manifestations in Poland" which, it said, are being provoked by the West.

The Pravda editorial was signed by Alexei Petrov, a pseudonym for the Soviet Central Committee. The attack from Moscow, the second in a week by the Soviet leadership, said Poland's sovereignty and independence was guaranteed by its "fraternal unity with the other Socialist countries."

The concerted Warsaw Pact broadcast against "various groups" and individual "anti-Soviet elements which have chummed up to the working masses" in Poland, followed a news conference in Warsaw by Mr. Lech Walesa, leader of the country's new independent union. He was questioned by several Soviet correspondents on the aims of the union and his answers did not please Moscow.

Polish opposition figures say the Soviet Union may be building up toward direct attacks against members of KOR, the dissident Social Self-Defence Committee, which is advising Mr. Walesa. The naming of names in the Soviet and East European Press is usually a prelude to more direct action by Moscow.

A personal attack against Mr. Jacek Kuron, the leading KOR spokesman, has, in fact, already been made by Rude Pravo, Czechoslovakia's main Communist newspaper. It called Mr. Kuron and other dissidents "godfathers of the new unions" and accused them of wanting to destroy Communist rule in Poland.

Howeever, the Polish information agency, has come to the defence of the self-governing unions, calling them "guarantors of the workers' great hopes." In an article written for the West German news magazine Der Spiegel, he criticised the "unwillingness, incapability and suspicion" of "some organs of power and local administration," which he blamed for causing "tensions" with workers.

In Romania, which has one of the lowest standards of living in the Warsaw Pact and where strikes took place three years ago in the coal mining industry, Mr. Nicolae Ceausescu, the party leader and President, told a rally in the city of Piatra that the Communist party would have to listen more closely to workers' representatives in State organisations so that they take into account the wishes and abilities of our working class and our entire people.

Hungary's popular Communist leader, Mr. Janos Kadar, told Parliament in Budapest that his own Communist party as well as the unions and the Youth Federation, all had their faults. But, he said, the mass organisations, especially the unions, could not be separated from the country's political system.

He praised particularly the Government unions, which have rather more leeway than those in other Communist countries for "working independently on their tasks."

## AMERICAN NEWS

## Candidates line up for the World Bank's top job

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

IT IS just conceivable, according to some political gossip, that Jimmy Carter will still be a President living in Washington with a view over Pennsylvania Avenue next year—if not in the White House, then 200 yards away at the World Bank.

This is, of course, pure fancy, though Mr. Carter, if he loses on November 4, might be tempted to try to talk Mr. Ronald Reagan into nominating him to succeed Mr. Robert McNamara at the bank: he might actually make rather a good president, given his known intelligence and interest in the developing world.

In fact, the race to succeed Mr. McNamara seems wide open. It is also, clearly, subject to the whims of U.S. politics. Although the names of Mr. Edward Heath, the former British Prime Minister, and Mr. John Turner, ex-Finance Minister of Canada, still crop up, the increasing likelihood is that tradition will be followed and the next president will again be an American.

Mr. G. William Miller, the U.S. Treasury Secretary, is head of the Carter Administration's search committee. He reportedly has in front of him a long list of potential candidates, including some women. U.S. officials here at the annual meeting are discreetly sounding out their foreign counterparts on some of the front runners.

This is customary; three years ago the major Western nations quietly agreed among themselves that Mr. Jacques Larosiere would become the next managing director of the IMF, even though his name did not appear publicly until several months later.

Privately, World Bank officials would not object if Mr. Carter sought to pre-empt Mr. Reagan's right to nominate, if the Republican nominee became President, largely because he is thought to be more sympathetic to development needs. But, from a practical standpoint, it would be difficult for any potential head of the World Bank to feel that he did not have the confidence of the sitting U.S. President.

In an ideal world, Carter and Reagan, advisers would now be



Mr. McNamara, retiring



sitting down to consider a candidate acceptable to both camps. But there is no evidence that this is taking place—or will it, probably, until after election day, if Mr. Reagan is victorious.

The criteria in selecting a World Bank president are numerous and mostly obvious. Political, financial and administrative experience count; age is important—although they were not required to, both Mr. McNamara and his predecessor, Mr. George Woods, set precedents by retiring by 65, and Mr. McNamara has said that his successor ought to be fit and young enough to serve for full five-year terms. This would seem to exclude the likes of Mr. Cyrus Vance, former Secretary of State, or Mr. William Casey, once head of the Securities and Exchange Commission and now

Mr. Reagan's campaign manager, both well over 60 already.

It is, unfortunately, also likely that religion will be a factor. Muslim nations may object to the nomination of a Jew, thus ruling out a number of candidates whose other credentials might make them acceptable to both the Carter and Reagan camps, such as Mr. Anthony Solomon, now president of the New York Fed, and previously Treasury Under-Secretary under Mr. Carter, and Mr. Caspar Weinberger, a Reagan intimate but a political moderate and former member of the Nixon Administration.

Ideology is also a problem. Mr. William Simon, President Ford's Treasury Secretary, is seen as far too conservative to be acceptable to the developing world, just as Mr. Andrew Young, the United Nations' ambassador under President Carter, is too liberal for the industrialised nations—though he would undoubtedly be the favourite of the LDCs.

Some candidates are unlikely to leave their present jobs; they include Mr. Paul Volcker of the Federal Reserve Board, whom some think is Mr. McNamara's personal preference, and Mr. Michael Blumenthal, the former Treasury Secretary, who, it was announced only last week, would be assuming the top spot at Burroughs Corporation ahead of schedule.

This does not mean that those remaining are inferior in quality. Mr. Peter Peterson enjoys his position as probable favourite for reasons of modest personal preference. He is now head of Lehman Brothers, giving him financial authority; although Commerce Secretary under President Nixon, he is a moderate Republican; he served on the Brandt Commission, enhancing his acceptability in the eyes of the LDCs; he is only 54 years old.

Others often mentioned from the financial field include the Australian-born but now U.S. citizen, Mr. James Wolfensohn, of Salomon Brothers, and Mr. A. W. Clausen, of the Bank of America. The field is large and open. It even reportedly includes Mr. Miller himself, not to mention his current boss.

## Ministers cautious on expansion

BY PETER RIDDELL, IN WASHINGTON

THE WORLD'S leading Finance Ministers are agreed on the need for caution "against any premature shift to expansionary monetary and fiscal policies," despite the current slow growth of output.

A communiqué produced late on Sunday evening, after the meeting of the policy-making International Monetary Fund, shows that the ministers are broadly agreed about the economic outlook, and that there is little that can be done in the short term, apart from persisting with counter-inflation policies.

"Reduction of inflation and inflationary expectations was considered necessary for the restoration of conditions for better investment performance and sustained economic growth."

The committee decided to increase the amount of money which countries can borrow from the Fund, but the major industrial countries declined to agree to any radical reforms in the structure and role of the Fund and the World Bank.

The meeting was, however, more harmonious than many had expected, and the feared clash between the industrialised and developing countries did not emerge, though some of the most thorny issues have been

deferred for later consideration.

The committee agreed: ● To raise the permitted borrowing of an IMF member up to an annual limit of 200 per cent of quota with a maximum of 600 per cent over a three-year period.

● To rely primarily on quota financing, the traditional source for the IMF, to raise the bulk of the additional cash required. This would have to be supplemented with borrowing from "various potential sources of financing, not excluding a possible recourse to the private markets, if this were indispensable."

● To set up a subsidy account which will reduce the interest cost of IMF loans to poor countries, funded by winding down the gold-backed trust.

● To set up a food facility for poor countries to help with food imports, particularly cereals. This decision did not go as far as some of the Fund staff would have liked, in face of opposition of some industrialised countries.

The mood of the discussion about the world economy was apparently reflected in a statement by Mr. Emile van Lennep, the secretary general of the Organisation for

Economic Co-operation and Development.

"Assuming no new serious disruption of the oil market," he said, "it seems possible that the worst of the immediate difficulties for the industrialised countries, in terms of inflation and recession, will soon be passed. But this cannot give much cause for comfort, unless they can make more progress in dealing with the problems of high rates of underlying inflation, poor productivity performance, and excessive dependence on oil."

In particular, Mr. van Lennep said, "industrial countries should be achieving better than their real income losses due to higher oil prices in a non-inflationary way than in 1974-75. If this can be maintained, he said, it means that the oil element in inflation should subside quite quickly, that there will be less of a profit squeeze, and that growth and increased investment will be restored more quickly."

Mr. van Lennep was, however, concerned about a vicious cycle each time the world economy begins to grow at a kind of rate needed to absorb unemployment and to create the conditions for real advance in the developing world, the price of oil shot up.

## Andalucia compromise sought

By Robert Graham in Madrid

THE SPANISH Government has made a conciliatory move by seeking all-party agreement to resolve the question of Andalusia's regional autonomy. Controversy over this issue was an important element affecting Prime Minister Adolfo Suarez's recent Cabinet shuffle and his seeking a vote of confidence from Parliament.

Mr. Suarez has formally invited Sr. Felipe Gonzalez, the leader of the main opposition Socialist party, to discuss regional policy and the particular case of Andalusia. This will be the first such meeting since the beginning of the year when the Government changed radically its approach to devolution.

The change in regional policy was the prime cause for a complete breakdown in consensus politics this year. Until now only those regions with "historic" identities have been permitted to follow the same constitutional process for autonomy as the Basque country and Catalonia. Galicia was included in this category, but Andalusia was excluded.

The only way any other region could follow the same road was via a referendum. One was held in Andalusia on February 25 when 54 per cent of the voters favoured this process which was considered quicker and contained wider powers for the regional government. But the result was discounted on the technicality that there had to be an absolute majority in every province of Andalusia. One province returned less than 50 per cent endorsement.

Last week for the first time, Sr. Martin Villa, the newly appointed Minister for the regions, conceded in Parliament that a formula had to be found to enable this clear popular vote to be considered in the same way as the "historic" regions.

## Netherlands payments setback

By Charles Batchelor

THE NETHERLANDS' poor trading performance led to a sharp increase in the deficit on its balance of payments current account in the second quarter of 1980.

A deficit of Fl.2.2bn (£465m) on a transactions basis was recorded in the quarter compared with a deficit of Fl.1.1bn in the preceding three months and a surplus of Fl.580m in the same period of 1979, according to seasonally adjusted official figures.

The balance of payments deficit to the first six months of 1980 rose to Fl.3.3bn from only Fl.1.95m in the same period last year and is well over half the total deficit of Fl.4.5bn which has been forecast for the year as a whole.

The worsening of the balance of payments position in the second quarter was due entirely to the increase in the visible trade deficit, which rose to Fl.1.5bn from Fl.300m in the first three months.

Exports fell by 4.5 per cent in value while imports declined by only 1 per cent. After a deterioration in the first quarter, the terms of trade improved in the period under review, partly due to the increase in the gas export price resulting from higher oil prices.

The deficit on invisibles fell slightly, to Fl.700m from Fl.800m in the first quarter.

This year will be the third in which the Netherlands has run a balance of payments deficit following a six-year period in the first half of the 1970s when often sizeable surpluses were recorded.

The Government has made reducing the deficit one of the main targets of its 1981 budget revealed earlier this month and it hopes to cut the deficit to Fl.1bn next year.

## Swedes threaten to bomb submarine

BY WILLIAM DUFFLOR, NORDIC EDITOR IN STOCKHOLM

THE Swedish navy may use depth charges to force to the surface a foreign submarine which has been playing hide and seek with it in the island belt off Stockholm for nearly two weeks, Mr. Eric Krönmark, the Defence Minister, warned here yesterday.

The foreign power which had sent the submarine into Swedish waters would bear full responsibility for any damage it might sustain, he added. The submarine has been spotted submerged several times in a high security area, where the Swedish navy is understood to have secret installations.

Its nationality has not yet been determined for sure, but Swedish officials have stated that it is a diesel-engine vessel of Soviet construction.

A destroyer, a coastguard vessel, torpedo boats, and helicopters have been hunting the intruder. Depth charges have been dropped four times as warnings but not close enough

to do damage. Mr. Krönmark indicated that charges could be exploded closer to the submarine but that decision would be taken by the joint Chiefs of Staff.

It was the most serious encroachment of Swedish territorial waters since the Second World War. Mr. Krönmark said. The Swedish navy records between eight and 12 infringements a year by foreign submarines from both Warsaw Pact and NATO countries but usually the intruders depart when warned.

## Casaroli in Hungary

Cardinal Agostino Casaroli, the Vatican's Secretary of State, was received by the Hungarian leadership in Budapest yesterday amid signs of improving relations between Church and state. AP reports Cardinal Casaroli was received in Parliament by Mr. Janos Kadar, the Communist party leader and by President Pal Losonczi.

He is expected to stay in Hungary for several days, during which he will meet with other high-ranking officials of the Hungarian Government.

The changes are that Zroszka's union will be more successful and better organised than most. Under the leadership of Father Szeslaw Sadowski, an active, socially-conscious young priest, the peasants of Zroszka have already achieved an impressive unity.

They achieved it in the course of a classic struggle against the authorities for the right to build their own church, which now stands witness to their success and has become the centre point of organisation for the new union.

Before the church was built services were held in a barn. Then one day militia with dogs sealed off the whole area and tore the barn down. From then on, the priest held regular services for three and a half years in the open air, under a roadside statue of the Virgin Mary. Meanwhile, delegates from the village travelled 52 times to party headquarters in Warsaw to petition for the church. Permission was finally granted in the aftermath of the 1976 strikes which centred on nearby Radom.

Since the latest wave of strikes the local party authorities have been in a low profile.

The new spirit of independence is spreading through the countryside, reports Anthony Robinson

## Poland's peasants seize chance of a better deal

BY ANTHONY ROBINSON, IN WARSAW

There has been no attempt to block organisation of the farmers' union. On Sunday, for example, the local party secretary was taking care of the vegetables on his allotment. Meanwhile, in the crypt, farmers and their wives listened with rapt attention as Mr. Zdzislaw Ostatek, union president, read out the statutes

meeting and conversations with individual farmers.

Mr. Jerzy Gorski farms 37 acres from his blue-painted wood and thatch farmhouse next door to the church. His annual income is around Zl 200,000 (about £1,900 at the official rate of exchange) growing mainly grain, milk and fodder for his pigs. He gets

reports from Warsaw. Student representatives, meeting in Gdansk, have decided to form an independent student association to rival the Socialist Union of Polish Students, to which about 70 per cent of the country's 430,000 students belong.

Zl 46 a kilo for his pork from the state Co-operative Purchasing Board and up to Zl 200 if he sells it privately.

Under the circumstances I asked why anybody sells to the co-op? Parity, I was told, because of fear and a desire to be on the safe side. But mainly because every pig sold to the co-op gains a farmer the right to buy 300 kilos of coal needed to heat his house, and but above all to fuel the pressure cookers used to cook potatoes for the pigswill. "But coal costs Zl 600 a tonne and getting it usually requires queuing all night," said Mr. Gorski.

Meat shortage is one of the authorities' main headaches. But at Zl 46 per kilo it is just not profitable to produce. Mr. Gorski added. He and other farmers like him would soon raise production if the price were raised to around Zl 80-90 a kilo. Then he could afford sunlamps for his piglets, build a sty to replace the rotten wooden pens he now uses, and buy a tractor, hay-making equipment and other small agricultural implements.

But what rankles as much is the fact that Polish-made tractors and other machines are only available to small farmers for dollars while State farms receive better prices and preferential treatment in the supply of machines, building materials, fertilisers and coal, even though their productivity is lower in proportion to the resources at their disposition.

Other grievances include the State pension scheme and the lack of all title to their land. Contributions to the pension scheme are obligatory, but Mr. Gorski complained that farmers only receive a pension at 65, while the average farmer "dies from exhaustion" at 67. Furthermore, in order to prevent their land passing to the State at death or retirement they have to pay in advance a tax equivalent to 10 per cent of the land's value.

But it was the eloquent

farmers' union delegate from the Poznan region who got to the heart of the reason why Polish agriculture is still the Achilles' heel of the economy. He wanted the Government to explain why farmers only receive Zl 6 a litre for their milk when orange sells for Zl 40 a litre, and why the Government leaves fertilizer to rot in uncovered piles yet still sells it to the peasants at the full price.

He also touched a raw nerve by demanding the Government investigate all those whose life style and income exceed their position. This demand, reflects farmers' anger at what one of them called "the red bourgeoisie" whose high living was financed from bribes extracted from farmers seeking their most elemental needs.

Above all, he cried to loud applause, what farmers demand is that the authorities treat them with respect. "We are men, not beasts of burden. We are not layabouts. We work to feed everybody. We are the heart of Poland. When the authorities meet us they should at least show us the courtesy of allowing us to sit in their presence."

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## AMERICAN NEWS

# 'Democrats for Reagan' group set up

BY DAVID BUCHAN IN WASHINGTON

MR. RONALD REAGAN is preparing an electoral raid on the Democratic camp with yesterday's announcement that Mr. Leon Jaworski, the prominent Texas lawyer and former Watergate prosecutor, is to head a "Democrats for Reagan" organisation.

At the same time, all three Presidential candidates are stepping up their campaign schedules with only a month to go until election day. President Jimmy Carter is increasing his travel from the usual two days a week to three, visiting New York yesterday and then the Midwest later this week, while Mr. Reagan, his Republican challenger, and Mr. John Anderson, the independent runner-up, have planned cross-country appearances all week.

Winning Mr. Jaworski's public support will help Mr. Reagan in Texas, a state with the fourth largest weighting (26 votes) in the Electoral College and which Mr. Carter will be pushed to repeat his 1976 success in carrying.

Mr. Jaworski heads a large Houston law practice, as does Mr. John Connally, now a Republican backer of Mr. Reagan, but who as a Democrat in 1972 headed a similar "Democrats for Nixon" group eight years ago.

With loose party discipline in the U.S., the formation of "cross-party" groups such as Mr. Jaworski's is by no means exceptional, and because there are many fewer official Republican Party members than Democrats in the country, is not necessarily a real threat to Mr. Carter. But if there are any lingering suspicions about the Republican Party over Watergate, then Mr. Jaworski is of course the man to dispel them.

Behind the candidates' decision to increase their appearances on the election stump is the realisation that they are now very unlikely to agree on any more televised debates and that the Baltimore debate



Mr. Jaworski... post-Watergate approval

between Mr. Reagan and Mr. Anderson was probably the first and last such encounter.

Mr. Carter is sticking to his refusals to meet Mr. Anderson in debate until he has first had a chance to confront Mr. Reagan alone. The Republican candidate's advisers have now apparently concluded that their man would reap diminishing returns from any future debate.

According to the latest New York Times/CBS opinion poll, Mr. Reagan was in fact the only beneficiary of the Baltimore debate. Its survey, taken after the debate, gave Mr. Reagan a narrow lead over the President once more (49 per cent against 35 per cent), with Mr. Anderson, who gave an articulate and effective performance, surprisingly failing to change his 9 per cent rating in earlier NYT/CBS polls.

Mr. Anderson had hoped to be doing much better by now. His failure to improve his standing may be the important conclusion of the poll, which the New York Times admitted contained more Republicans and fewer Liberals than in earlier samples and may thus exaggerate the Carter-Reagan margin.

## Aircraft carriers 'not ready for combat duty'

BY OUR WASHINGTON CORRESPONDENT

ONLY HALF the U.S. aircraft carrier force is at present rated ready for combat, according to a confidential Defence Department report whose disclosure to the Press this week comes hard on the heels of another report about the poor shape of U.S. army divisions. The reports seem sure to fuel the controversy about military "leaks" during the Presidential campaign.

The Carter Administration has already launched an internal inquiry into the source of the leaks, though some officials have pointed the finger at Republican leaders on Capitol Hill. Reports of military unreadiness can be used to substantiate Mr. Ronald Reagan's charges that the Administration's policies have short-changed the armed services.

But Republicans have accused the Democratic Administration of doing some leaking of military secrets to its own electoral advantage. In particular, Mr. Reagan and his party have complained that last month the Administration revealed the existence of the top secret "stealth" programme—designed to make aircraft all but invisible

to Russian radar—to offset the public impact of its earlier decision to cancel the B-1 bomber project, planned by Republican President Gerald Ford.

The Defence Department maintains that the overall condition of the U.S. services is better today than it was five years ago, though all sides agree that the services are losing too many skilled personnel because of low pay and arduous conditions.

This is the prime factor in the latest report, which showed that this month only six of the 13 carriers were ready for combat, as were only 94 of the navy's 155 air squadrons. Earlier this year, Admiral Thomas Hayward, Chief of Naval Operations, complained to Congress that the navy was suffering "haemorrhage of talent" as skilled sailors and navigators leave for better-paid civilian jobs.

With fewer permanent bases abroad, the U.S. has increasingly relied on its carrier force, the largest warships afloat, to project power in distant parts of the world. The core of the present U.S. force in the Indian Ocean consists of two carriers with about 50-60 aircraft apiece.

## Metropolitan Opera threatened by strike

BY PAUL BETTS IN NEW YORK

CIVILISATION in New York risked being delivered a fatal blow yesterday as the management of the city's internationally renowned Metropolitan Opera House threatened to cancel the company's entire 1980-81 season. Its opening has already been delayed by a bitter dispute over pay and working conditions between the company and its orchestra.

Desperate last-minute efforts were being made yesterday to settle the dispute as the company set an ultimatum that rehearsals must begin today.

Cancellation could have dire consequences for both the city of New York and the Met, which claims in its advertisements that "there has always been and there will always be a place for civilisation."

The degree of controversy the affair is now generating in New York was eloquently reflected in a New York Times editorial last week. The newspaper claimed this was not just any strike and not just any institution. "To lose it for a year is said to contemplate, not only for jobs and tourism but also for civility and art."

The Met orchestra is demanding a 12½ per cent pay rise in each of the next two years and a four-performance week instead of the current five-performance week. But the Met's management has said the

company cannot afford the additional costs.

The orchestra has stuck to its demands largely because the company, unlike other leading opera houses, has been profitable during the past three years. Mr. Anthony Bliss, the executive director of the Met, has indicated that he has refused to make a settlement that risked pushing the company back into the red.

The Met's new season was scheduled to open at the end of this month with a new performance of Puccini's Turandot, featuring Sig Luciano Pavarotti, the Italian tenor who has become something of a superstar in the U.S. The new season also included productions of such favourites as Tosca, with Renata Scotti, and La Traviata.

Even if the strike is settled, the season could be badly disrupted, as most of the international stars may not be able to accept new performance dates due to other engagements. For an audience paying about \$50 (£20) a ticket, this would be a major disappointment.

Moreover, the strike and probable cancellation of the 1980-81 season could eventually see the Met lose its dominant place in the North American music establishment to other rich opera houses like San Francisco, which have been spending large sums to attract the big international singers.

## Nuclear power vote fails to clear air

MAINE, a rural and poor New England State, voted last week down the State's only nuclear power plant, Maine Yankee. On whether or not to close When the votes were counted, the winners did not claim that they had won, and the losers would not admit that they had lost.

With 54 per cent of the eligible voters participating, Maine decided, by 59 to 41 per cent, to keep the plant open. It was the first time that the people of any State had faced such a choice.

Mr. Edwin Thurlow, the president of the Central Maine Power Company, which is the nuclear plant's principal shareholder, took great care in the wake of the vote not to claim that it was a victory for nuclear power. To be sure, Maine people wanted their plant kept open, but Mr. Thurlow found that the strong vote to close it meant that the people were concerned about nuclear safety.

By contrast, Mr. Raymond Shadis, the school-teacher-turned-farmer who had sparked the referendum drive, and who had predicted success to the last, claimed that the high turnout for a vote that was not held in conjunction with an election was enough of a victory for him, at least for the time being. Mr. Shadis wasted no time, after the votes were counted, in announcing that the issue would once again be placed before Maine voters, although the timing of a new referendum effort is uncertain.

For Mr. Shadis, the anti-nuclear campaign had clearly been an exhilarating experience. He and his allies had collected almost 40,000 signatures on petitions that forced the question to be placed before the voters, after the State legislature had refused to act on the proposal to close the plant.

The campaign gained national attention when the nuclear industry and the anti-nuclear activists discovered that there might be a way to close down an operating nuclear power plant.

The stakes were high. The national nuclear industry feared that a vote to close the plant would start a trend elsewhere. That, of course, was just what the activists wanted. As a result, both sides poured massive amounts of money, for Maine at least, into the battle, with the industry outspending the activists by more than four to one. The total amount involved made the \$1m (£416,000) referendum the second most expensive statewide campaign in history. Even the losers spent more than had the successful candidate for Governor in the election held two years ago.

Yet, despite all such efforts to read national significance into the Maine Yankee referendum, it was a largely local matter determined by local people. The state is deeply committed to both environmental protection and economic development and, to a considerable degree, the vote was a confrontation between these two concerns.

The environmentalists have shown their power at the ballot box. Twice in the past four years they have won convincing victories in referenda to require that beer and soft drink containers be returnable rather than merely being thrown away. Many of Maine's environmental laws are tougher than those adopted in Washington, and environmentalists have successfully forestalled almost any new hydro-electric or coal-fired power generation in the state.

In the wake of the Three Mile Island nuclear accident 18 months ago, Mr. Shadis hoped to rally these environmental forces, together with the vestiges of the anti-Vietnam movement, into a majority to close Maine Yankee.

But Maine is also a poor state, perhaps the poorest in the U.S. In terms of per capita income it ranks 47th out of 50. When the cost of home heating, high in this frozen corner of the U.S., is added, Maine comes last.

The state has a large population of elderly people, many living on fixed incomes. In addition the blue-collar workforce finds it a continual challenge to make pay cheques stretch to cover the cost of essentials. In fact, the late independent Governor James Longley, defeated both the Democratic and Republican candidates in 1974 by tapping this group's discontent long before the nation caught the tax-cutting fever.

Maine residents could ill afford the increase in their utility bills that would have accompanied the closing of Maine Yankee, and they were warned by Governor Joseph Brennan that a vote to close the plant would send out a message that the state was not interested in economic development and that investment from abroad and from out of state, was not welcome. All other prominent political leaders in the state agreed.

In the end, they convinced a clear majority of Maine voters.

## OVERSEAS NEWS

## Democratic look for South Korea's new constitution

BY OUR SEOUL CORRESPONDENT

SOUTH KOREA'S proposed new constitution, made public yesterday by President Chun Doo-hwan, gives the appearance of providing for a more democratic form of Government with some presidential powers being curtailed or balanced by a stronger National Assembly and with the tenure of the chief executive limited to a single seven-year term.

Stating that the constitution must never be made a tool of personal ambition nor be designed as an expedient to meet transient needs, President Chun gave details of the new document.

He said the President would be indirectly elected by an electoral college as under the current constitution. However, the number of delegates to the college would be increased to more than 5,000 to help ensure their independence.

Political parties could participate by nominating presidential candidates and having electoral delegates declare their party's affiliation. Delegates could not be arrested or detained except for cases of serious criminal offences.

Measures to limit presidential powers include restrictions on emergency powers and the authority to dissolve the National Assembly. Currently the President is authorised to invoke his emergency powers in anticipation of a threat to national security. Under the new document a threat must exist before emergency powers can be invoked and the President's decision to do so would be nullified if the National Assembly did not concur.

Although a National Assembly could still be dissolved under the proposed constitution, it would have a guaranteed life of one year. If dissolved later, elections must be conducted within 30 to 60 days. The President would no longer nominate one-third of the members as at present.

The draft constitution is expected to be approved by a national referendum before the end of October. Presidential and parliamentary elections would then be held no later than June, 1981. New political parties will be allowed to form three months earlier.

## Cold showers and enlightenment for leaders

BY ANN CHARTERS IN SEOUL

WHAT Government wouldn't like a captive audience of business, academic and religious leaders to preach its political and social ethics to? South Korea's President Chun Doo-hwan inherited just such a congregation from the late President Park Chung-hee, in the Saemaul Undong (New Community Movement) a self-help crusade which will have enlightened 32,000 South Koreans in three weeks at 40 sites across the country by the end of this month.

Preaching "diligence, self-help and co-operation," the movement has a special three-day, two-night course for selected members of South Korea's top echelon.

Each group is a microcosm of Korea. Each has pre-established

quotas from each sector. One course held last week for 304 society leaders included university professors, judges, journalists, clergymen, lawyers, bankers, presidents of large corporations, elected village leaders, male and female, and members of leading women's organisations.

According to the movement's leaders, people "fall into evils" as a country develops, pursuing their own interests, intent upon materialistic gain and blind to other people's problems. A spiritual reformation is then called for, so their hearts and minds can be re-dedicated to the country, and everyone's standard of living can be improved.

Saemaul headquarters, where the Government hopes this rebirth is occurring, is a 10-storey building on a 12-acre

compound, 31 kilometres south of Seoul, the capital. Participants check in for 72 hours of lectures, group discussions, singing, meditation and exercise. They wake each morning at 5.50, for roll call, jogging in formation, dormitory cleaning and cold showers before breakfast. Dressed in uniform—beige for men, navy blue for women—issued on arrival, the participants fill out a questionnaire on their backgrounds at the first session. Group discussions in the evening are based on these questionnaires, which also identify those who could serve as examples to others of how to apply Saemaul principles to daily life.

At 11 o'clock on the first day, the instructors and dormitory supervisors are introduced and the daily training life is described. After group singing, the members introduce themselves, and then go to the canteen for lunch. Lectures follow.

Last week's course was addressed by Mr. Nam Duck-woo, the acting Prime Minister, a former lecturer at the institute, and a major architect of South Korea's economic success, and by a high-ranking government economist. After a full afternoon of speeches and the Saemaul song—tune and lyrics written by President Park—after-dinner discussions continue until 11 o'clock, when a room check is made. Each spartan dormitory contains bunk beds for 13 trainees, chosen as a cross section so they will learn from one another.

The Saemaul Leaders' Training Institute was founded in January, 1972, as a training centre for outstanding farmers.

Through this self-help crusade, many villages became better organised after village leaders were taught how to improve food production, and why housing should be improved and more bridges built.

The change from village improvement to re-educating and motivating the upper echelons is a major one. Great results are expected from this crusade. The institute has a budget of \$1.5m this year, and it plans to build a larger installation soon in a quieter area.

It remains to be seen whether the trainees—who swear at their graduation ceremony that they will be part of the vanguard of rejuvenation—will work harder, be more austere in their behaviour, and consume less. It also remains to be seen how much choice they will have.

## Vietnam seeks food aid from the European Community

BY DAVID HOUSEGO IN TOKYO

VIETNAM HAS asked European Governments for help in making good a substantial shortfall in grain supplies from the Soviet Union this year.

The request points both to the seriousness of Vietnam's economic difficulties as well as to the strain on the Soviet Union of meeting the needs of its allies.

Russia has told the Vietnamese that it can supply only half the 1.3m tons it provided last year. This sharp drop in volume is a major disappointment to Vietnam because another poor harvest was followed last month by a typhoon that struck a fifth of the country's agricultural land.

Mr. Nguyen Co Thach, the

Foreign Minister, said last week that Vietnam would need to import 3m tons of grain this year though it is not clear how it could finance such a large amount.

In 1979, output of rice, the country's main grain crop, was just over 10m tons. This year's harvest is unlikely to be above that level.

The Vietnamese request which is to be discussed by Foreign Ministers of the European Community poses a dilemma for the Europeans.

After Vietnam's invasion of Kampuchea last year they suspended fresh aid to Vietnam.

Both the Association of South East Asian (ASEAN) and China are keen to prevent

measures that might relieve Vietnam's economic difficulties. They hope that continuing economic weakness will encourage Vietnam to make political concessions over Kampuchea.

European governments are, however, anxious to wean Vietnam from its dependence on the Soviet Union.

## 'It was like Oliver Twist in reverse, Mr Wagstaff...

'I asked for less and you gave me more!'

'You've got your cash flow projection to thank for that. You did a good job there, said Mr Wagstaff.

'With a little help from you and Jack Rogers!'

'Well, Jack's one of the best accountants in the business. You won't go far wrong with him on your side.'

'But you suggested doing the cash flow in the first place, Mr Wagstaff.

Don't be so modest!'

'That was in our interest as well as yours. We both need to know where you're going, don't we? No point in lending you money to set up a new factory and then having you find out in a few months that it's not nearly enough. Sleepless nights for you. Headaches for us. Hardly the way to start expanding your business!'

'Well, that cash flow chart showed I needed almost twice as much as I thought I did, so I'd have had sleepless nights all right! But now, instead of counting sheep I count all those extra hi-fi speakers we'll be making in the new place, and fall asleep dreaming of exporting to Japan!'

'Perhaps we can help your dreams come true, Mr Greening. Hi-fi to Japan—that's just the sort of coals-to-Newcastle challenge our branches thrive on!'



Wagstaff reflected on the novelty of it all.

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## OVERSEAS NEWS

A special correspondent in Tehran reports that the conflict has started to hit home

## Iranians face fuel and food shortages

IRAN YESTERDAY reverberated with denials and condemnations of any form of negotiations with Iraq, following the departure of Pakistan's President Zia-ul-Haq on the second leg of his goodwill mission to the region.

With the war now into its second week, Mr. Mohammed Ali Rajai, Iran's Prime Minister, said on the state radio: "This is not a war that will finish in a few days."

At the battlefield things seem to have quietened down with only scattered fighting reported in the south-west. However, there are indications that

Iraqi forces may be being assembled for a decisive push against the cities of Khorramshahr, Abadan, Ahwaz and Dezful, should Iran not agree to the terms outlined by President Saddam Hussein of Iraq.

In Tehran itself the effects of the war on food supplies and the economy are causing concern. The Prime Minister has ordered the setting up of a special economy committee to co-ordinate and control the activities of various ministries.

Iranian leaders, having refused mediation from the Islamic conference, are making the efforts of Mr. Yasser Arafat,



the leader of the Palestinian Liberation Organisation, equally difficult. Ahmed Khomeini, son of Iran's leader, Ayatollah Khomeini, told the Palestinian leader: "What I expect from

you is that you make your position on the Iran-Iraq problem clear... it is not in your interest to talk about negotiations."

From the Khuzestan province, confusing reports and conflicting claims continue to dominate the news. The city of Ahwaz that Iraq has claimed to be one of its key objectives is still in Iranian hands.

A nurse in one of the main hospitals in the city said: "Things have been quiet for the last 24 hours although the people are very tense after severe shelling three days ago." The situation also seems quiet around the nearby city of Dezful, with its important Vahideh airbase.

In Tehran senior officials at the city's Mehrabad airport said privately that three or four Iraqi MiG's had been in the sky high over the city, but that they had not made any bombing runs "due to intense anti aircraft fire."

Reflecting increased concern at the effects of the war, Mr. Mohammed Tavassoli, Tehran's mayor, said yesterday: "The people of Iran are feeling the effects of the war but they are willing to bear these difficulties with revolutionary patience." The most common problems

arise from the frequent power cuts. Not only is the supply cut for much of the night but for the last two days many parts of the city were without electricity during much of the day as well. There is, therefore, some concern for the maintenance of the food-processing and storage facilities. For the first time yesterday the commentator on Iranian television spoke of plans to introduce food rationing.

In the poorer parts of the city the war seems to have developed an atmosphere of good neighbourliness with free rides and a certain amount of food distribution being organised.

## War threatens Brazil with petrol rationing

BY HUGH O'SHAUGHNESSY IN RIO DE JANEIRO

BRAZIL is considering petrol rationing and is urgently seeking other sources of supply because the fighting in the Middle East has cut its access to Iraqi crude. Up to now the Iraqis provided 47 per cent of Brazilian oil imports.

Vice-President Aureliano Chaves, head of the National Energy Commission, has said that rationing could be introduced within a few weeks, although he added that such a measure would only be taken in extreme circumstances.

Brazil produces less than a

fifth of its own oil requirements and oil imports are by far the greatest burden on an already over-burdened balance of payments. Brazil's oil stocks are said to amount to 100m barrels which, given the daily consumption of around 880,000 barrels, is enough for 110 days.

Earlier this year, Brazil took the precaution of building up oil stocks. It is urgently seeking new supplies but Vice-President Chaves commented that "the only way is by economising."

Brazil came to be heavily dependent on Iraq after the

overseas arm of the state oil company, Petrobras, found oil in Iraq near Majnoon. Brazil gave up the right to oil from the specific fields its engineers had located in exchange for a general agreement for fuel supplies from Iraq.

In the 1970s, Brazil became a major supplier of arms to Iraq and has declared that it will continue to sell weapons to Baghdad. Brazil has also won large public works contracts in Iraq.

Rik Turner in Sao Paulo adds: Brazil is negotiating a major arms package with Iraq involv-

ing products ranging from combat aircraft, light armoured cars, kits for the conversion and updating of non-Brazilian tanks, medium-range missiles and rocket launchers.

The companies involved include the two state-owned manufacturers, Engesa (arms) and Embraer (aircraft) together with the private companies, Bernadini and Avibras, and a number of ammunition manufacturers. Engesa's light armoured cars are already in combat in the Middle East war and a contract exists for the supply of 1,500 vehicles.

## Delhi seeks Soviet aid

BY K. K. SHARMA IN NEW DELHI

INDIA IS greatly worried by the threat of a cut in oil supplies as a result of the Middle East war. Iran and Iraq together account for nearly two-thirds of India's annual imports of about 20m tonnes. To prevent shortages arising, Delhi has decided to make spot purchases and has also asked Russia to supplement supplies.

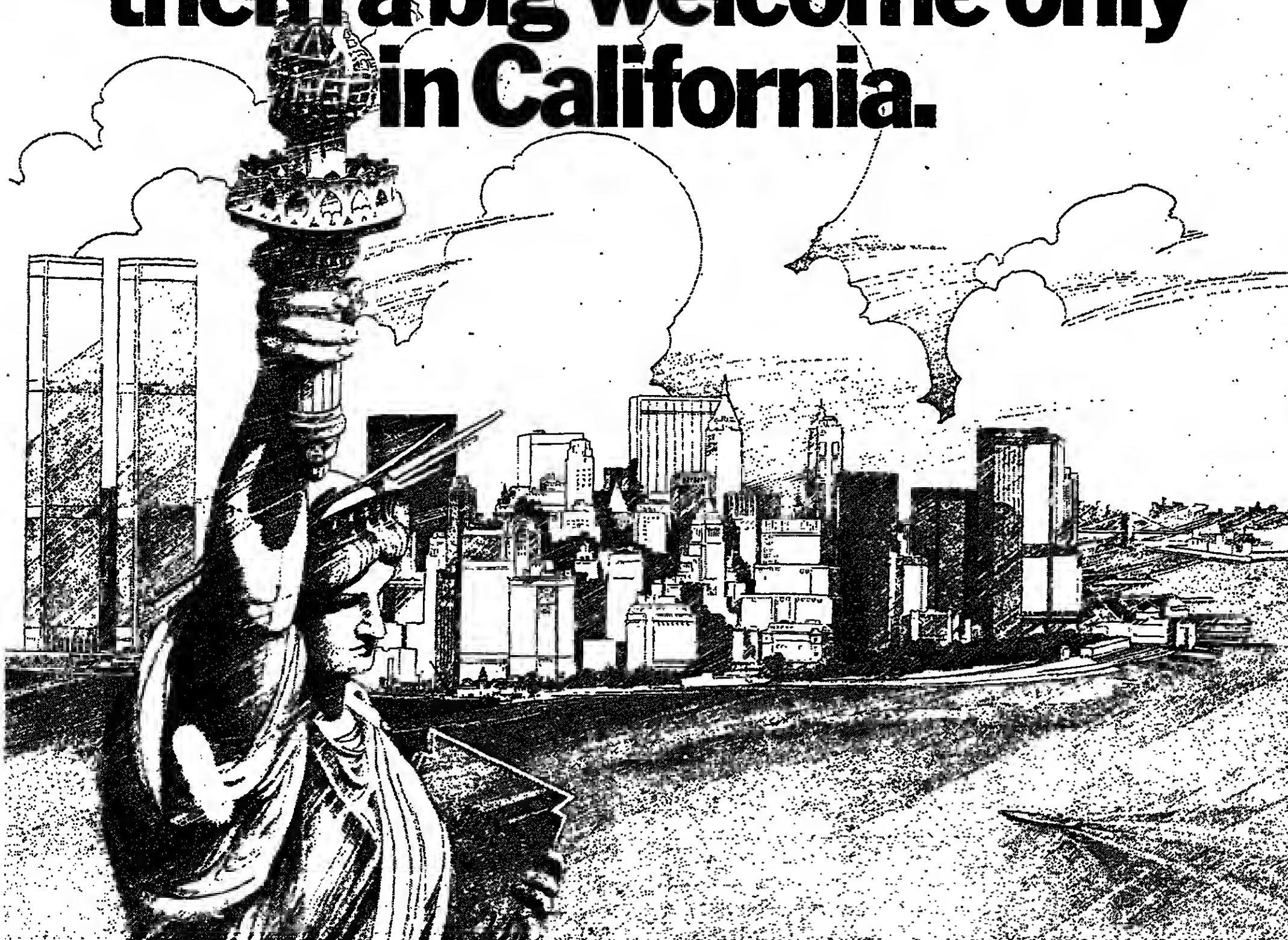
Spot purchases will be made immediately from whichever Middle Eastern country is willing to make the sales and the immediate intention is to buy 350,000 tonnes. This will add to the annual import bill which already accounts for about 60 per cent of total export earnings.

In case the cut in supplies from Iraq and Iran persists, India has asked Russia to make long-term arrangements. The Indian President, Mr. N. Sanjiva Reddy, left for Moscow yesterday on a state visit and is bound to discuss the question of oil supplies.

Annual imports from Russia at present total 1.5m tonnes of crude and another 1.5m tonnes of petroleum products.

An immediate shortage is not feared since Russia has always come to India's rescue whenever oil was needed. Delhi's expectation is that Moscow will not let the Indian Government down despite its own difficulties.

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## Israel and U.S. to discuss a base in Sinai

BY DAVID LENNON IN TEL AVIV

ISRAEL will discuss the possibility of providing the U.S. with a military base in Sinai and of signing a mutual defence pact when two senior U.S. defence figures visit Tel Aviv this week and next, according to Mr. Menahem Begin, the Prime Minister.

Mr. Robert Komer, U.S. Under-Secretary for Defence, is due to meet Mr. Begin today, in his capacity as Defence Minister. Next week, General David Jones, chairman of the Joint Chiefs of Staff, will pay a brief visit to Israel. U.S. diplomats point out that both these men are visiting a number of countries in the region.

Mr. Begin said he had twice been approached unofficially by members of the U.S. Administration who wanted to know whether Israel would give the U.S. a base in Sinai and sign a mutual defence pact. The Prime Minister said that he would support the idea if the initiative came from the American side. He made no reference to the fact that all Sinai is due to be returned to Egypt in about 18 months.

Mr. Begin said that the visits by the senior U.S. officials signalled a resumption of the formerly secret strategic dialogue between the two countries, which was suspended by the Americans a few weeks ago. According to Israeli officials, the talks on strategic co-operation have been held annually

for the past five years and are similar to discussions which the Americans have been holding for years with Saudi Arabia and Jordan. But U.S. officials say that there is no such secret dialogue and that there has always been a constant exchange of views.

Israel was particularly upset by the cancellation of the strategic talks, which, it said, were due to be held earlier this month, because of the feeling that it was being shunted aside by Washington while the U.S. was building up military and strategic co-operation with Egypt.

Having long argued that it is a strategic asset for the West, Israel has been dismayed by its exclusion from the U.S. search for new military bases in the region, following the Soviet invasion of Afghanistan.

Both publicly and privately Jerusalem has suggested on a number of occasions that the U.S. should utilise Israeli facilities for its new Rapid Deployment Force. The Prime Minister and other Israeli politicians have said frequently that they would welcome an American base.

In addition to cancelling the strategic dialogue, the U.S. also recently cancelled planned U.S.-Israel joint submarine manoeuvres and rescue operations in the Mediterranean. They are now to be held on paper, around a map.

## Japanese industrial output down 3.8% in August

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

INDUSTRIAL production in Japan fell 3.8 per cent in August from the July level, and was only 2 per cent up on the level of the previous year, the Ministry of International Trade and Industry has announced.

The fall was by far the sharpest to have been reported since industrial output began shrinking early this year. It reflects stagnating consumer demand and attempts by manufacturers to offset increases in inventory. Shipments of industrial products also fell in August and were actually below the levels of a year ago by 0.9 per cent.

Although the August figures for industrial output appear to show a dramatic fall, officials in the Economic Planning Agency caution against the idea that Japan is slipping into recession. Some recovery of production is expected in September and October and there is a possibility that this may be sustained into the final two months of the year. If such a change does occur it will confirm the view of Government economists that "temporary adjustment by industry has been almost completed and that the economy is already passed the worst of the current mild recession."

The Ministry's figures for industrial production are provisional in that "not all industries have reported." The final tally, however, is expected to confirm the picture of a steep month-to-month decline. The August dip follows a three-month period from May to July, in which overall levels of industrial production were down from the previous quarter—the first such decline for a number of years.

The recent series of industrial production declines provides the background to a decision by the Bank of Japan, also announced yesterday, to relax loan limits imposed on the 13 major city banks during the final quarter of this year. The new limits will have the effect of allowing the first year-to-year increase in the availability of bank credit in the past two years.

The 13 city banks, which handle about 20 per cent of all lending activity in Japan, will be able to increase new lending by 7.1 per cent over the amount approved in the October-December 1979 quarter, or by ¥1,610bn. (£3bn). Long-term credit and trust banks will be allowed slightly higher rates of increase over last year.

## Valindaba target disclosed

By Our Johannesburg Correspondent

SOUTH AFRICA has disclosed the scale of its uranium enrichment operation for the first time, almost three years after the building of the factory at Valindaba, outside Pretoria, was first disclosed.

The plant will have an enrichment capacity of 50 tonnes a year by the middle 1980s—just enough to supply the country's sole nuclear power station currently being built—according to a pamphlet just published by the South African Uranium Enrichment Corporation.

This marks an extension of the pilot enrichment plant South Africa has operated since 1975, using its "jet-mozzle" process.

At the same time the Electricity Supply Commission has confirmed that the consumption of the twin-reactor Koeberg nuclear power station outside Cape Town will be around 48 tonnes a year.

On present schedules, the Valindaba plant will not be on stream in time to supply the first low-enrichment uranium required by Koeberg, where the first generating set is due for completion in December next year.

The electricity commission has a contract for the initial supply of enriched uranium—using uranium ore concentrated from indigenous sources—with the U.S. Department of Energy. But recent indications from Washington suggest that the U.S. Government may renege on the contract if South Africa refuses to sign the nuclear non-proliferation treaty.

The reactor vendor, Framatome of France, is to supply the finished fuel assemblies through Cogema, France's state-owned nuclear fuel company.



Dr. Rhodie: a plausible explanation

## Rhodie acquitted

By Quentin Peel in Johannesburg

DR. ESCHER RHOODIE, architect of South Africa's controversial propaganda war of the 1970s, yesterday won his appeal against a six-year jail sentence for allegedly amassing state funds.

The decision by the Appeal Court in Bloemfontein was immediately presented by Dr. Rhodie and his friends as vindication of the Information Department campaign which resulted in the resignations of Mr. John Vorster, the former Prime Minister, and Dr. Connie Mulder, the Minister of Information.

The outcome could be embarrassing for Mr. P. W. Botha, the present Prime Minister, who owes his position to the collapse of his rivals in the scandal.

At his trial Dr. Rhodie was found guilty of fraud for having allegedly used funds earmarked for his secret propaganda projects to buy himself a flat.

The Appeal Court judge decided, however, that Dr. Rhodie's story, that he was simply reimbursing himself for money he had previously taken from his private account, was plausible.

هكذا من التوصل



## Austria rejects Polish bid for £700m credits

BY PAUL LENDVAI IN VIENNA

DR. JOSEF STARIBACHER, the Austrian Trade Minister, announced yesterday that he had rejected a Polish bid for new Austrian credits worth Sch 21bn (£700m).

The issue was raised last week during the meeting of the Polish-Austrian Joint Commission in Cracow.

Poland had sought the money to finance the construction of coal-fired power plants and offered to provide additional deliveries of power for Austria as of the mid-1980s.

Dr. Bruno Kreisky, the Austrian Chancellor, had suggested earlier this year the construction of a large power plant in Poland—finance for which was to be provided by an international consortium of banks.

Senior level talks should be resumed about such a project in November.

Meanwhile Austria hopes agreements already signed will be respected by Poland. Earlier this year Austria agreed to grant a credit line of Sch 4bn to Poland in exchange for a firm

commitment of large coal deliveries for a new Austrian power plant. In all, Poland should ship 20m tonnes of coal to Austria, which also buys power from Poland.

While the Federal guarantee for the credit has still to be approved by the Austrian Parliament, the consortium of Austrian banks has already transferred half of the credit to Poland.

Experts point out that Poland has by far the largest debts among Austria's Comecon trading partners. The outstanding long-term debts are currently well over Sch 15bn.

During the first half of 1980 Poland was the most important Comecon market for Austria with sales totalling Sch 2.7bn as against imports from Poland reaching only Sch 1.6bn. Fuel, mainly coal, accounts for half the Austrian imports.

The Trade Minister said he hoped Poland would honour the original commitment to export 250,000 tonnes of coal to Austria during the third quarter.

## Carter to unveil U.S. steel relief plan

By David Buchan in Washington

PRESIDENT CARTER will announce today his long-awaited plan of fiscal relief and import protection for the ailing domestic steel industry, designed also to settle the U.S. Steel Corporation's massive anti-dumping suit against its European competitors.

The President has been impatient to go public with the steel plan for the electoral support it may win him among unemployed steelworkers who have been actively wooed by Mr. Ronald Reagan, his Republican opponent. But protracted differences in his Administration on the degree to which the domestic industry should be allowed more time to meet pollution rules has held it up.

Mr. Douglas Costle, the head of the Environmental Protection Agency, has been urging the steel industry to give firm commitments not to spend money it would save from postponement of environmental rules on dividend payments on diversifying into other non-steel areas, but instead on new steel investment.

A key feature of the new plan will be the reintroduction of the "trigger price" system of import protection, at a higher level than when it was scrapped last spring, as an inducement to the U.S. Steel Company, the country's largest steel concern, to drop its dumping suit filed last March against steel-makers in seven European countries. Preliminary investigation by the Commerce Department is believed to have found dumping margins of up to 50-60 per cent on some European sales in the U.S. To avoid substantial dumping duties that could result from these findings, the EEC Commission, acting for the European companies, let it be known it preferred a resumption of the old trigger prices.

The inhibiting factor of the U.S. steel dumping suit, as well as weak demand in the recession-struck U.S. market, has slightly depressed imports this year. Yesterday, the American Iron and Steel Institute reported that imports totalled 10.5m tons in the first eight months of this year, compared with 11m tons in the same period of 1979.

At the same time, because of a sharp increase in demand from Mexico, steel exports from the U.S. rose a remarkable 47.1 per cent in the first seven months of 1980, though the level compared to imports is small and total exports are expected to still be under 4m tons this year.

## Boving wins £13.5m turbine deals

By Our World Trade Staff

BOVING AND CO., the UK water turbine supply concern, has won £13.5m in overseas contracts, the largest of which is a \$6m deal to supply three 72mW turbines to the Mahaweli Authority of Sri Lanka.

The company said it had also won a £3.9m order to supply 30mW turbines to Andhra Pradesh State Electricity Board of India and a £3.6m order for two 44mW turbines to be supplied to the Public Electricity and Water Corporation of Khartoum.

● Boulton and Paul (Steel Construction) have secured two contracts worth £2.5m, the largest of which is for the supply, delivery and erection of steelwork for the construction of a pulp and paper mill in Tanzania, the other is for design, delivery and erection of steelwork and steel decking for a Damman, Saudi Arabia, office complex.

● Mardon Packaging of Bristol and its Irish subsidiary, Superior Packaging, are to invest £2.4m in a new factory next to its existing premises in Finglas, Dublin. The expansion is being undertaken with the help of the Industrial Development Authority of Ireland.

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## Nippon T and T may buy IBM technology

BY RICHARD C. HANSON IN TOKYO

IBM is negotiating to sell a large amount of peripheral computer equipment to Nippon Telegraph and Telephone (NTT), the Japanese domestic telephone monopoly. NTT has been under severe pressure from the U.S. to open its equipment procurement procedures to foreign bidding.

NTT is making plans to purchase IBM's "5280" data entry machines to be used for automatically recording and billing phone calls. The initial order is expected to be for 40 units, according to NTT. IBM have declined comment on the contract talks.

The Japanese press, mean-

while, reported that NTT and IBM were discussing a broader agreement to exchange technology on computer links to telecommunications systems over the next five years. This could not be confirmed.

The discussions between the two companies appear unrelated to the present dispute with the U.S. over NTT's procurement practices. NTT effectively bans foreign companies from bidding for equipment orders.

The U.S. and Japanese governments are attempting to resolve the issue by the start of the next year. Otherwise, the U.S. would be compelled under a 1978

agreement to shut out Japanese companies from bidding for U.S. Government procurement contracts.

NTT buys almost exclusively from a group of Japanese telecommunications companies, claiming this is necessary to maintain their own quality standards.

NTT says, however, that in the case of the data entry units, IBM manufactures the best equipment available for its needs. Although there are no estimates of the value of such a purchase, it would appear—if completed—to be about the most significant NTT contract to date for a U.S. company.

Last year NTT bought, for testing purposes, about 150 units of small telephone pocket beepers from Motorola.

Reuter adds: The Kawasaki Steel Corporation said yesterday it had signed a contract to give Thyssen AG of West Germany technology related to a Japanese-developed computerised system to operate and control blast furnaces.

Kawasaki did not disclose the contract value.

The technology will help Thyssen reduce operation costs and increase efficiency, it said.

## JAPANESE CONSTRUCTION

## UK pipe system set for breakthrough

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

A BRITISH SYSTEM for reinforcing concrete pipes with glassfibre instead of steel has caught the interest of the Japanese building materials industry and could be used in the large scale planned expansion of the country's sewage network.

The system, developed three years ago by ARC Concrete, the largest British maker of concrete pipes, is claimed to be more economical to manufacture, and to produce pipes which are easier and quicker to lay than the conventional "steel cage" system.

Japan's own pipe manufacturing industry is "heavily committed" to the conventional technology, but a group of seven companies recently signed a technology transfer agreement with ARC and at least one of them is expected to build a factory next year to start making the pipes.

ARC Concrete, a member of the Consolidated Gold Fields group, started experimenting with glassfibre in the early 1970s, largely because of the high cost of steel in Britain (a handicap from which Japanese pipe makers do not suffer). It

succeeded by 1976, in developing a centrifugal spinning system which lines the interior and exterior of the pipe with a special type of glassfibre jointly developed for use in the construction industry by Pilkington and the Building Research Centre.

ARC says that about 10 per cent of the UK market for drainage pipes is served by its "slimline" pipes while technology agreements have been signed with six foreign countries, including South Africa where local production is under way.

ARC's entry to Japan came in May last year when the company mounted a display of the new system at the British Export Marketing Centre in Tokyo. The exhibit sparked a strong interest from Japanese manufacturers, as well as from officials at the Ministry of Construction who (ARC says) appear to play a key role in determining the industry's development strategy.

After the first contacts were made in the summer of 1979, Mr. John Heaven, ARC's commercial development manager, made seven visits to Tokyo in

14 months, paving the way for a return visit to the UK early this month by would-be Japanese users of the slimline system. The seven Japanese companies, headed by Kurimoto Iron Works, signed an agreement for the technical interchange now being implemented and which includes the trial laying of 108 slimline pipes at a provincial city north of Tokyo.

Mr. Heaven thinks that one of the seven should be ready to start planning a factory to use the new system early next year and that production should start in the autumn. "After that, barring mishaps, we can expect the others to follow suit."

The seven companies with whom ARC Concrete has been dealing account for an estimated 40 per cent of Japan's concrete pipe production which runs to about 4m tons per year (four times the UK output and about one-third of that in the U.S.).

The Japanese market is not only extremely large by British standards, it is also growing fast—by about 10 per cent a year—and growth rates could accelerate.

The Construction Ministry's target is to raise the proportion of Japanese households con-

nected with main drainage systems from the present 30 per cent of the total to 50 per cent by 1985.

The cost of the programme will be immense (¥17,000bn (£33bn) at the latest estimate) but it could involve some millions of pounds worth of royalties for ARC Concrete if the slimline system catches on. About one-third of the market should be "immediately accessible" to the slimline system, Mr. Heaven estimates, with a possible two-thirds coming within reach in the longer run. After that, the possibilities extend to pressure pipes, where the glassfibre system has yet to be applied but seems potentially valuable.

ARC's comment on its Japanese success is that: the British Export Marketing Centre in Tokyo was invaluable as a launching pad; and Japanese bureaucrats seem to play a far more active role in promoting the use of new technologies than their counterparts in Britain. A final point is that ARC Concrete itself seems to have tried a good deal harder than most to establish itself in the Japanese market.

## Australia confirms Airbus purchase

By Patricia Newby in Canberra

The Australian Government has agreed to the purchase of four European Airbus aircraft by the Government-owned domestic airline, TAA.

TAA signed a contract for four A300 Airbuses earlier this year but the deal has been under a cloud since Mr. Doug Anthony, Deputy Prime Minister and Minister for Trade and Resources, threatened recently to retaliate against the EEC's proposed sheepmeat regime.

Mr. Ralph Hunt, the Minister for Transport, announced yesterday that the deal could proceed and the delivery dates for the aircraft would be accelerated.

The agreement comes after talks between Mr. Anthony and EEC officials in Brussels 10 days ago.

Mr. Anthony was given an assurance that the proposed sheepmeat regime would not undermine Australia's sales in third markets including the Middle East.

Cancelling the Airbus order would have cost the Australian Government at least A\$30m in lost deposit and denied the Australian aircraft industry an estimated A\$50m in off-set deals for manufacture of aircraft components.

AP reports from Moscow: The Soviet Union's 350-seat IL-86 Airbuses will go into passenger service by the end of this year. Deputy Civil Aviation Minister Ivan Razumovsky said yesterday.

He told the official news agency Tass the aircraft's maximum commercial load will be 42 tonnes and its range would be 3,600km. Cruising speed would average about 900km per hour, he indicated.

## Sweden's first half pulp production drops 9.6%

BY WILLIAM DUFFLORCE IN STOCKHOLM

BOTH PRODUCTION and exports by Sweden's pulp and paper mills declined during the first half of the year, mainly due to the strikes and lockouts which affected the companies in April and May.

The industry hopes, however, that it will be able to use capacity better during the second half, according to the latest bulletin from the Swedish Pulp and Paper Association.

Output of market pulp during the first six months dipped by 9.6 per cent to 1.77m tonnes compared with the first half of 1979 while deliveries at 1.72m tonnes were 360,000 tonnes lower. The exception was mechanical pulp where

deliveries remained unchanged and production was up by 7.2 per cent to 252,400 tonnes.

Paper and board output dropped by 2.9 per cent to 2.95m tonnes and exports slumped by 8.2 per cent to 2.13m tonnes. The EEC countries took 1.54m tonnes, or about 100,000 tonnes less than in January-June last year.

Newsprint was no exception with exports down by 7.4 per cent to 526,500 tonnes and production slipping by 2.4 per cent to 704,900 tonnes. Exports of wood-free printing and writing papers tumbled by as much as 14.5 per cent, while Kraft paper deliveries to foreign customers declined by 12.8 per cent.

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# Burroughs



## UK NEWS

## Seaspeed steps up Channel ferry war

BY WILLIAM HALL

SEASPEED, British Rail's hovercraft operation, is cutting the prices of some of its winter services by nearly two-thirds in a major move in the cross-channel ferry price war.

It has abolished car tariffs during its winter period, which starts on October 26 and runs until the end of March. During the Christmas holiday period it will impose a £5 single fare for cars.

In practice this means that a businessman travelling with his car between Dover and Calais/Boulogne by Seaspeed will pay a single fare of £12 as against £31 in the original winter schedule. Seaspeed has also scrapped its short excursion fares and introduced special fares for holidays of up to 18 days. In addition, it has increased the length of cars qualifying for cheap fares from 4.0m to 5.5m.

Seaspeed and Hoverlloyd, the other channel hovercraft operator, have both been suffering from the fierce price war started by the conventional ferry operators, and both are believed to be losing substantial sums.

Although hovercraft are roughly three times as fast as the ferries, passengers have not been prepared to pay a sizeable premium for speed. Last year Seaspeed and Hoverlloyd carried 2.5m passengers and more than 400,000 cars.

Seaspeed's price cuts will exacerbate the financial problems of some operators. Dunkerque Ramsgate services, and Seajet, the hydrofoil service, have already closed and more casualties are expected.

## Pensioners to have £1 Awayday

By Lisa Wood

BRITISH RAIL is to accelerate the cut-price war for passengers with the introduction of a pensioners' £1 day return ticket to anywhere in the country.

"We are seeking to fill our seats in every possible way," said BR yesterday.

The Awayday to Anywhere ticket subject to confirmation this week, will be sold for an experimental period from Monday, November 3 to Thursday, November 27 inclusive. The 1,250,000 holders of Senior Citizen Railcards will be able to use the special tickets from Monday to Thursday on off-peak hour trains.

BR is trying to compete with the new, cut-price private coach services now being offered on major inter-city routes following the new Transport Act.

A further incentive in the battle to attract more passengers is fares will rise 19 per cent from November 30.

Recently BR was allowed by the Government to borrow another £40m to stay within Government cash limits and offset its expected losses of £68m this year.

The problems BR face in trying to improve services, with often obsolete equipment, have been described in detail by BR to a Monopolies Commission investigation into commuter services in the South-east.

In evidence made available to the public yesterday, BR says poor standards of reliability, punctuality and cleanliness on many suburban services have created hostility and damaged its ability to exploit off-peak opportunities.

## Securities Council appointment

By John Moore

PROFESSOR Sir Arthur Armitage is to join the Council for the Securities Industry, which oversees the self-regulation of the securities business. He will take the place of Lord Thomson of Monifieth as a lay member.

Lord Thomson, one of the council's three lay members, resigned this year because of his commitments as deputy chairman of the Independent Broadcasting Authority.

Professor Armitage, appointed at the invitation of the Governor of the Bank of England, is supervising an independent inquiry, commissioned by the Government, on heavy losses and their impact on the environment. His academic positions have included the Vice-Chancellorship of Victoria University of Manchester.

● In the City yesterday Smith Bros, one of the top five jobbers said in its report and accounts it is seeking the Stock Exchange Council's permission to "appoint a suitably qualified outside businessman as a non-executive director."

The group wants to overcome the Stock Exchange ruling that member directors should assume unlimited liability.

David Marsh looks at plans for the new London financial market

## Just no future for the gambler

THE financial requirements of the proposed London futures market will be "tough enough to exclude the gambler," says Mr. John Barkshire, chairman of money brokers Mercantile House and head of a City working party which yesterday unveiled its plans for the new financial market.

Mr. Barkshire and his working party colleagues, drawn from a range of City institutions, are keen to underline that the proposed innovation will serve a genuine need.

The idea is that a financial futures market in London will allow businessmen and investors to hedge their bets on unpredictable money and investment markets—and will not simply serve as a vehicle for speculation to make and lose large amounts of money.

Financial futures come in two forms, interest rates and foreign currencies. Trading is already well established in the U.S. The Chicago and New York markets have thrived in recent years, reflecting both speculative interest and the increased desire of corporate treasurers, institutions and other investors to cover their risks on volatile foreign exchange and credit markets.

Under plans outlined yesterday for the City, a London futures market would allow participants to deal in forward contracts for sterling and dollar interest rates and in five major currencies—the dollar against sterling, the Deutsche Mark, the yen and the Swiss franc.

Market users might range from building societies to insurance brokers, from local authority treasurers to multinational corporations, the working party suggests.

A financial futures contract is an agreement to buy or sell a standard quantity of a set type of financial instrument or currency at a pre-determined date in the future.

When the futures contract matures, the participant normally fulfils his obligations by selling or purchasing an equal and opposite contract to offset the original one. He can, of course, actually deliver the instrument or currency against a sales contract or take delivery against a purchase contract.

For instance, a pension fund manager who believes interest rates will fall but who will receive funds only later to invest can make a "long hedge." He can buy a forward interest rate contract, calculating that as interest rates fall its price will rise above that which he agreed to pay. He can then sell the contract for a profit when it matures, gaining funds he would otherwise have had to forgo through lack of necessary cash for the outright investment.

Similarly, a corporate treasurer who fears that interest rates will rise but who does not yet need to raise funds can make a short hedge. He can sell a futures interest

contract and hope to buy a matching one more cheaply when it matures. Thus, he would make a profit which would compensate for the higher interest rate on the loan he then decides to raise.

If all goes well, the London market could get under way by the end of 1981 or early 1982, Mr. Barkshire says. But, a number of hurdles have still to be cleared.

The working party still has to obtain basic approval for a go-ahead from the Bank of England. This, in part, explains the emphasis that the planners put on professional and institutional participants.

Like the backers, the Bank recognises that a certain speculative element is needed in futures markets simply to oil the wheels of activity. But, it does not want to sanction a market where speculators and the risk of large scale losses start to loom too large.

Bank officials have taken part in preliminary technical discussions on financial futures, and have been "very helpful," according to Mr. Barkshire. However, the authorities have not yet committed themselves either way on the setting up of the exchange until detailed proposals are presented at the end of the year.

The Bank would be involved closely in supervising the market, along the lines of its present supervision of existing commodity futures markets.

The basic questions, of whether the market would fulfil a genuine need, and whether it might increase the short-term volatility of the spot market in debt instruments and foreign currencies, have not been discussed.

Interest rate contracts to be traded on the proposed exchange comprise a short term sterling interest rate based on sterling certificates of deposit, and Eurodollar interest rates based on Eurodollar certificates of deposit. The working party would also like dealings in a long sterling interest rate contract based on government securities.

**Selling**

But Mr. Barkshire admits this would be immensely complicated. The Bank would have to be satisfied that forward trading in gilts would not bring any loss of control to the basic operation of selling Government debt.

The idea of trading in Treasury bills—as is done in the U.S.—has already been dropped. This is because the limited supplies of bills and their nature as a primary tool of monetary policy would cause considerable distortions.

Mr. Barkshire reckons there would be worldwide interest in the Eurodollar contract and that forward gilts trading could attract Middle East demand. He suggested that foreign involvement in forward gilts contracts could dampen the volatility of the government bond market.

## General Motors launches Bedford van and two cars

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

GENERAL MOTORS today launches three vehicles in the UK. The most significant is a restyled Bedford van which will compete with the Ford Transit, BL Sherpa and Dodge 50.

There are also two executive cars, the Opel Commodore and a modified version to be sold as the Vauxhall Viceroy.

The launches highlight GM's decision to centre European commercial vehicle production and development in the UK, while the cars will be produced by the Opel offshoot in West Germany.

The Bedford van has been restyled at the front and incorporates the cab interior

introduced a year ago. Last year, when output was hit by the 11-week strike, Bedford produced 38,251 of the old vans, and in 1978 the total reached a record 46,277, of which 63 per cent were exported.

Bedford is also introducing the popular GM diesel engines—both 2.0 and 2.3 litre versions—as options on the vans and a new small truck has been derived from the van. Prices are about 6 per cent above those for the old-style vehicles.

The Viceroy/Commodore cars will compete with the Ford Granada 2.3 litre and the Rover 2.3 litre, and are slotted

between the Opel Rekord (Carlton in Vauxhall form) and the Senator (Royale).

Opel has basically taken the front end of the Senator and the rear of the Rekord and added a new 2.5 litre version of the Opel six-cylinder engine to produce the Commodore. With a slight change in specification, the same made-in-Germany car becomes the Vauxhall Viceroy.

Two versions of the Commodore are priced at £7,714 and £8,702, and the Viceroy costs £7,864.

Vauxhall hopes to capture 20 per cent of the 30,000-a-year UK market with the Viceroy alone.

## Five tyre ranges launched by Dunlop

By Kenneth Gooding

DUNLOP yesterday launched five ranges of high-performance tyres, designed for cars with maximum speeds over 113 kilometres an hour (70 mph), which should improve the group's penetration of the West German market.

About 6m high-performance tyres—the so-called HR and VR tyres—are sold in Germany each year against 1.5m in the UK, mainly because the German autobahns are the last roads in Europe without a top speed limit.

Dunlop believes the ranges will enable it to build its share of the German high-performance market to about one quarter (1.5m tyres a year) in three to four years.

Although all the tyres were largely designed and developed to prototype stage by Dunlop's Birmingham-based tyre technical headquarters, a big part of the further development work was carried out in Germany.

The initial production of most tyres in the new ranges will be at Hanau, near Frankfurt at one of Dunlop's two German factories.

Mr. Gareth Hardwick, director and general manager, replacement division, said yesterday: "There is no way reflects adversely on the competence of our UK factories and personnel—it's simply commonsense to do our work where most of the action is." To succeed in the high-performance tyre business a manufacturer had to think on a European scale.

## 'Extra-safe' lorry is unveiled

BY JOHN GRIFFITHS

AN ESPECIALLY safe articulated lorry embodying developments from about 20 UK component companies was unveiled at the Motor Industry Research Association's Nucleon testing ground yesterday by Mr. Norman Fowler, the Transport Minister.

The SAV (Safety Articulated Vehicle), project has had financial backing from the industry and Transport Departments and has been co-ordinated by the research association.

The SAV—based on Leyland Vehicles' new 16.23 tonnes T45 model—is to be displayed at an international experimental

safety vehicle exhibition in Wolfsburg, West Germany, next month. The aim is to demonstrate the UK components industry's competence in safety engineering and, it is hoped, to win orders from vehicle manufacturing countries expected to be represented.

The vehicle's safety features include front, rear and side under-run guards; anti-skid braking systems; fireproof fuel systems and anti-spray guards.

Mr. Fowler acknowledged the chance of a lorry being involved in a fatal accident has halved over the past 10 years, but he nevertheless urged the industry to include as standard

equipment many of the SAV's features.

But there is at present little chance of Mr. Fowler's hopes being widely heeded. While the trucking industry is in deep recession and operators are laying great stress on economy, few will wish to add features to their trucks which provide no economic benefits.

Dr. Cedric Ashley, director of the research association, believes the prospect of new laws on the safety of lorries must be remote while the Government has not even made the wearing of seat belts compulsory.

## Government spending criticised

BY ARNOLD KRANSDORFF

THE new leader of Britain's managers yesterday criticised the Government's lack of control over public spending.

Government borrowing had to be pulled back and the growth of bureaucracy curtailed, said Mr. Trevor Holdsworth, who will become chairman of the British Institute of Management (BIM) next week.

Mr. Holdsworth, who is also chairman of GKN, the country's largest engineering company, added that the private sector was taking the brunt of the Government's economic policies.

He said at a lunch to mark his appointment: "We have got

ourselves into a very dangerous situation. Public sector borrowing is far removed from the capital creating base. We are an over-governed country."

He echoed a call from outgoing chairman Mr. Leslie Tolley for an early move towards a substantial reduction in interest rates.

Mr. Tolley, in his annual report for 1980, said there was now clear evidence that a greater flexibility of approach was needed in the control of money supply.

"There are some people who apparently believe that a whole-sale shakeout of British industry can do nothing but good,

but the danger is that, if taken too far, many manufacturing companies will be shaken to the point of total collapse."

Mr. Tolley called for Government to raise the level of investment in those parts of industry's infrastructure "where it is most likely to help the market sector as the recession ends." He cited roads, railways, energy and training.

● BIM's annual accounts reveal a deficit of £48,018 for the financial year 1979-80—slightly higher than the previous 12 months. Membership has increased from 62,051 in March 1979 to a current figure of almost 70,000.

## Sportsmen protest at extra VAT

BRITAIN'S sports clubs, already hit harder by VAT than those in Europe according to a survey published yesterday, are to have most of their activities brought into the taxation net.

From January 1, 1981 all sports clubs will have to pay 15 per cent VAT on all entries to events and competitions.

The Government's action is being strongly opposed by the Central Council for Physical Recreation which has said that the action will "price sporting opportunities out of the reach of the ordinary people of the country."

## Import value of electrical appliances shows decline

BY JASON CRISP

THE VALUE of imports of electrical domestic appliances into a weak UK market fell by a third in July, according to the latest figures published by the Association of Manufacturers of Domestic Electrical Appliances.

Although the total value of the domestic appliance market dropped 13 per cent below what it was in the same month last year, UK manufacturers gained ground with sales up by 4.2 per cent in value. But measured by the number of units, deliveries from UK companies were 12 per cent lower while imports rose by 14 per cent.

The difference in the trend of sales measured in units on the one hand and by value on the other reflects the wide range of products included in the domestic appliance industry, from irons and hairdryers to dishwashers and automatic washing machines.

The UK manufacturers have gained ground in white goods (including washing machines and refrigerators) where imports are down. But appears to have been a cut in imports are continuing to production by the Italian manu-

facturers, particularly Indesit which ceased production this summer after running into financial difficulties.

But almost all UK manufacturers have been faring badly because of the recession in Britain and figures for the seven months to July show imports are higher. Most manufacturers have announced redundancies and short-time working.

However, earlier this month Hotpoint announced that its Peterborough factory was to resume a 40 hour week and Creda has also gone back to a five-day week at Stoke on Trent.

One of the highest problems for UK manufacturers is imports of small domestic appliances from Eastern European countries, particularly East Germany.

The association last month lodged a complaint with the European Commission on behalf of UK manufacturers and other EEC manufacturers that vacuum cleaners were being dumped from Eastern Europe.

make considerable inroads with small appliances.

The total number of units delivered in the UK is about the same as last year. One reason why the sales of small appliances may appear to hold up relatively well is that they are sold through a wider range of outlets compared with white goods.

This means that a fall in sales of small appliances at the retail level takes longer to appear in figures of deliveries by manufacturers and imports.

Imports of white goods have fallen sharply across the whole range. Imported refrigerators fell by 32 per cent, automatic washing machines by 52 per cent, and tumble driers by 77 per cent. In most products, deliveries by UK manufacturers were also lower, but to a much lesser extent and deliveries of automatic washing machines were actually up by 8 per cent.

The main reason for the drop in imports of white goods appears to have been a cut in imports are continuing to production by the Italian manu-

## Appointments begin reshuffle at top for British Shipbuilders

BY WILLIAM HALL, SHIPPING CORRESPONDENT

MR. JOHN PARKER, British Shipbuilders Board member for shipbuilding, has been appointed deputy chief executive in the first of several big changes in the management to be unveiled by Mr. Robert Atkinson, the new chairman.

Mr. Maurice Phelps has been brought in from Leyland Vehicles as director of personnel and industrial relations. He replaces Mr. Ian Farinham, who had to retire after a heart attack this year.

Mr. Atkinson will reveal his plans for the corporation at a seminar for senior management in Newcastle on October 7. He will outline a new divisional structure, involving a major reshuffle of responsibilities.

Mr. Parker, 38, has been widely tipped in the industry as the next chief executive, since the departure of Mr. Michael Casey this year. However, Mr. Atkinson is com-

paring the role of chairman and chief executive for the time being, and does not seem to have ruled out the possibility of appointing another deputy chief executive.

The appointment of Mr. Phelps, 45, to the senior industrial relations post will help fill the vacuum in this area of the organisation. Mr. Richard Whalley, the board member for personnel, has been assigned to special duties and is expected to leave when his contract expires next March.

After Mr. Farinham, Mr. Whalley's deputy, retired, much of the workload fell to Mr. Ken Griffin, the deputy chairman. Industrial unrest has been spreading in the naval, shipyards and British Shipbuilders will soon have to start its next session of wage negotiations.

Mr. Phelps joins British Shipbuilders from the heavy vehicles division of Leyland Vehicles.



Mr. John Parker  
Made deputy chief executive

## Many manual work bonuses 'unjustified'

BY MAURICE SAMUELSON

LOCAL AUTHORITIES are expected to pay out £300m in bonus incentive schemes to manual workers this year, but many of these payments were not justified, it was claimed yesterday.

The charge was made by the advisory committee on local government audit, set up last year to consider the annual report of the Chief Inspector of Audit.

The committee, describing some incentive schemes as "inappropriate" or "technically unsound," says many were introduced not to raise productivity but simply as devices to raise employees' earnings.

There are 4,500 schemes in operation and in the year ending November, 1980, incentive bonus payments to manual workers are expected to cost £181m.

Building workers, craftsmen and electricians will be paid a further £100m.

The advisory committee, under the chairmanship of Mr. Brian Maynard, a former president of the Institute of Chartered Accountants of England and Wales, is concerned that criticisms levelled against bonus schemes as long ago as 1967 are still relevant.

In his last annual report, published last November, Mr. Peter Kinnaman, the Chief Inspector of Audit, said councils often failed to check that work claimed for bonus by distmen and other workers had been done and that overclaiming of payments was common. Refuse teams often received basic pay for the full working week even though they completed their weekly stint in 25 to 30 hours.

## Courtaulds closure cuts 665 more jobs

By Rhys David

COURTAULDS, the textile group, is to close its Lamsell works in Lancaster at the end of the year with the loss of 665 jobs in a further bid to bring its UK fibre manufacturing operations in line with future demand.

The plant, operated by Courtaulds' British Celanese subsidiary, was acquired from Monsanto in 1973 and makes acetate yarn; a silk substitute used in linings and dress fabrics.

Demand for acetates has fallen sharply this year, however, and Courtaulds said yesterday that sufficient capacity existed at the company's acetate plants at Spondon, Coventry and Wrexham, and at another site in Lancaster, to meet future market needs.

Courtaulds is the sole UK manufacturer of acetate and its total capacity of 35,000 tonnes makes it one of the world's leading producers.

Acetate has been under strong pressure for a number of reasons, including the strength of the pound, high interest rates, and the continued penetration of the UK markets by imports of finished textile goods. American producers with the advantage of low-cost energy have also become more competitive.

Acetate has also been losing market share to other fabrics, principally polyester filament which is available very cheaply because of world over-capacity. As a result world demand for acetate has been contracting and is expected to continue to do so.

Various other closures were announced last week by Courtaulds, which has been engaged for most of this year on a substantial rationalisation of its UK manufacturing operations.

A total of 150 people will lose their jobs when production of woven fabric is phased out at a mill at Balmridge, in Northern Ireland. Some 600 jobs are also being lost as a result of a reorganisation of Courtaulds' filament weaving operations in Lancashire and Essex. Last month Courtaulds announced the closure of seven mills in Lancashire at a cost of 1,200 jobs.

Birmingham Assay Office: Thirty more redundancies were announced because of the depressed state of the jewellery trade. Earlier this year 48 redundancies were declared and caused a six-day strike.

Mr. Hilary Eccles-Williams, chairman, said: "Part-time working will continue for the present but it is hoped that this can be reduced if there is an increase in trade before Christmas."

## BASS AND WHITBREAD SOFT DRINKS MERGER BY GARETH GRIFFITHS

## Brewers put together a nice blend of mixers

YESTERDAY'S ANNOUNCEMENT that Bass and Whitbread are to merge their soft drinks interests highlights the confidence the brewers have in the soft drinks industry and the way in which they have moved into the sector in the past few years.

The new Bass Whitbread company, Britannia Soft Drinks, is expected to have about 6 per cent of the soft drinks market—worth about £1,200m a year. It will be one of the industry's medium sized firms, nearly all of which have links with the brewers.

Grand Metropolitan, Courage and Greene King own CC Soft Drinks, formerly Cantrell and Godwin, and Coco Cola, Southern Bottlers. Allied controls the successful Britvic operation and Scottish and New-

castle, John Mackay. Although their turnover runs into many millions, they are dwarfed by the interests of Cadbury Schweppes and Beecham—the market leaders.

The brews have been enthusiastic about soft drinks because the sector has expanded fast. Soft drink sales for the first three months of the year were up 15 per cent in volume and 30 per cent in value. The growth has tapered off since then but it is estimated at about 7 per cent for the first half of 1980.

pop and colas, have accounted for most of that growth. Soft drinks sold in one or two litre bottles in supermarkets. These drinks have a secure base in the home entertainment market

and have a strong appeal to children.

This summer's poor weather has hit carbonated drinks sales, although the manufacturers have made consistent efforts to reduce the element of seasonal demands for their products. Non-carbonated drinks, squashes, cordials and breakfast drinks are equally prone to the influences of the weather.

Fruit juices with their appeal to those interested in healthy living have gone from strength to strength, regardless of the weather. Fruit juice sales jumped from 6m gallons in 1978 to 9m gallons in 1979. Fruit juice companies now estimate an annual growth rate of about 5 to 6 per cent.

Soft drinks manufacturers are seriously worried about the

weakening position of mixer drinks and soft drinks sold in cans—both sectors in which the brewers are closely involved. Mixer drinks such as tonic water, soda, diet ginger and American ginger ale have shown a 10 per cent drop this year. Canned soft drinks show a similar fall.

Mixer drinks is the one sector for which public house sales are more important than sales to the take-home trade. Schweppes dominates the market strongly with more than half total sales and the Bass Whitbread merger is seen as a potential challenge to that dominance, albeit in a declining market.

The emphasis on the take home trade combined with the larger companies' domination of

the market has led to a slimming down of margins. Soft drinks traditionally had a fairly high mark up; the National Association of Soft Drinks Manufacturers estimates an average at about 33 per cent.

Lower margins in the super-markets and the decline in mixer drinks has led to some criticism of the brewers' interest in the soft drinks industry. Colin Mitchell of stockbrokers Buckmaster and Moore, says some soft drinks subsidiaries have not achieved the profitability expected of them despite considerable investment.

He recognises the pressures for offering soft drinks to the free trade as a means of attracting custom for beer.

The Bass Whitbread merger is seen by many soft drinks manufacturers as the end of a wave of mergers that had been going on since the 1960s.

There are more than 200 soft drinks manufacturers in the UK, most of them serving local areas and producing "pop" where technology and packaging tend to be less sophisticated and where deliveries to corner shops are still important. The number of manufacturers has declined considerably.

Distribution from corner shops is still important for the soft drinks industry. Regional variations in taste for soft drinks is, sadly perhaps, being ironed out although as a general rule the further north the sweeter the drink.

At Christie's South Kensington at the weekend, EMI sold 400 phonographs and early gramophones for £137,560 to raise funds for the preservation of its library. Top price was £8,000 for an 1878 phonograph, while an "Edison Perfected" machine of 1890 fetched £8,000.

Also at Sotheby's in New York on Saturday, engravings from Audobon's "Birds of America" sold from the collection of the New York Society Library, realised £22,900. An engraving of a Great Blue Heron went for £12,500.



# Monopolistic British Gas 'crucifying' its suppliers

BY SUE CAMERON, CHEMICALS CORRESPONDENT

THE MONOPOLISTIC British Gas Corporation is "crucifying" some of its North Sea suppliers by "forcing them to sell gas at absurd prices," Lord Kearton, former chairman of the British National Oil Corporation (BNOC) said yesterday.

Lord Kearton said after the European Petrochemical Association conference in Monte Carlo the price of gas to industry was higher in the UK than in the rest of Europe.

Other European countries had started raising their gas prices for industrial consumers, he said, but the gap between UK and Continental industrial gas prices was "still there." It was "very damaging" for UK manufacturers and particularly for chemicals producers.

"Some unlucky companies operating in the Southern Basin of the North Sea are now locked into contracts with British Gas," Lord Kearton said.

"The Corporation is using its monopolistic position to force them to sell their gas at absurd prices."

"When I was at BNOC, I managed to get the price we charged the Corporation up to 3.2p a therm. Yet British Gas was charging its customers an average of about 1.7p a therm. A commercial company would never crucify its suppliers in this way. But British Gas is a monopoly and a monopolistic concern does this sort of thing."

"Companies that wanted to land North Sea gas and sell it to industry at reasonable prices—have been stopped from doing so. This was absolutely nonsensical."

Lord Kearton attacked the Government for using Imperial Chemical Industries' cheap, long-term contract with British Gas to "distort" average prices. The Government was incorporating ICI's low price to pull down the average price for industry as a whole, so that it "seems not too bad."

## Difficulties

Lord Kearton also called on European chemical companies to set up a pricing cartel. He attacked them for cutting their prices in an attempt to maintain volume sales, saying this amounted to a "death wish."

What was needed was a "managed market"—but one managed by chemical companies, not by governments. Lord Kearton acknowledged there might be regulatory difficulties in setting up a cartel, but companies were "very clever at finding ways round regulations."

Competition was "marvellous" when markets were expanding, but at present companies needed sufficient profits to pay for reinvestment.

Lord Kearton warned that European chemical industry

could find the 1980s "very, very dismal indeed." Even if things went well, chemical producers could only expect to operate at their present level of prosperity. There was "no chance" of improvement.

Despite Lord Kearton's gloomy forecast, conference delegates from most of the big European chemical companies, including those based in the UK, were cheerful about the industry's short-term prospects yesterday.

They pointed out that the spot price of naphtha, the oil-based raw material vital for making petrochemicals, had been rising steadily since fighting began between Iraq and Iran. It is estimated to have increased by \$4 a tonne each day, and now stands at about \$290 a tonne. Many chemicals manufacturers believe they will be able to raise their own depressed product prices on the back of the raw material price increases.

Most of the biggest ones have instructed sales staff not to commit themselves on product prices beyond the very short term. A few companies are taking a cautious line and stress that the war may only have a brief impact on prices.

But delegates from several concerns could be seen—literally—rubbing their hands together last night. "I think," said one, "we may be about to make a lot of money."

# Teams to speed up North Sea gas

By Ray Dafer, Energy Editor

TWO PROJECT teams have been formed to speed up the development of the £1.1bn North Sea gas gathering pipeline system, already well behind schedule. The organising group of companies has bought 400 acres of land in Scotland for the proposed gas reception terminal.

The Government and North Sea oil companies have become concerned about delays which have arisen because of uncertainties over financing arrangements.

It was originally intended that the 400-mile pipeline should be operational at the end of 1984 or early 1985. Industry estimates suggest it could be late 1985 or 1986 before the first gas, collected from a dozen fields, is brought ashore.

British Gas Corporation, a member of the organising group, said yesterday that it hoped that financing and tariff arrangements could be settled within the next few months so that a pipeline company could be formed by the end of the year.

The group, headed by Gas Corporation chairman Sir Denis Rooke, comprises representatives of Mobil, British Petroleum and British Gas. Sir Jasper Hollar is financial adviser, and Morgan Grenfell and Co., has been appointed as merchant bank advisers.

British Petroleum is to take the lead in the project team set up to undertake offshore work while British Gas engineers will develop the onshore facilities. Mobil will assist each team.

As a start the group has bought—for an undisclosed sum—400 acres of land at St. Fargus, near Peterhead. This site will be developed as the reception terminal for the gas gathering network—one of the most ambitious projects undertaken by the offshore oil and gas industry.

The Government has said it wants the pipeline company to be financed largely with private sector money. Mr. Hamish Gray, Minister of State for Energy, said in June that British Gas might have a 30 per cent stake in the company; other North Sea producers could have a total stake of about 25 per cent; and financial institutions might be offered a 30 per cent interest.

**Lloyd's man on fraud charge**

By Raymond Hughes, Law Courts Correspondent

LLOYD'S underwriter and broker Mr. Christopher Moran, accused of conspiring to defraud Lloyd's underwriters, was yesterday remanded on bail until October 22.

Mr. Moran, former managing director of the Christopher Moran group, is charged with Mr. Derek Walker, a director of Gooda, Walker, who was similarly remanded by magistrates at Mansion House.

The court refused an application by Mr. Moran to have his bail conditions varied to enable him to report to the police once a month instead of once a week. Both men are on bail of £100,000.



Colonel Ronald Laurence Gardner-Thorpe is London's Lord Mayor elect. He takes office in November. He will be the first Roman Catholic in the post since the Reformation.

An underwriting member

of Lloyd's he has twice stood for Parliament as a Liberal Parliamentary candidate, at Eastbourne in 1959 and West Derbyshire in 1960. Colonel Gardner-Thorpe has a long record of public service including being vice-president of the British Red Cross.

# British Midland cuts flights

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH Midland Airways, the independent airline based at the East Midlands airport, is cutting a small number of flights this winter, and reducing its staff by about 60. It employs about 1,400 people.

The routes to be cut include a daily service from Liverpool to London, one from Birmingham to London and from Leeds to London. The East Midlands-Brussels-Frankfurt operation is being suspended, and some Irish Sea flights are being amalgamated.

The total cut in capacity will be about 5 per cent. There has been a fall in business traffic caused by the recession, especially on routes to London.

But holiday traffic has held up well this summer, with Channel Islands traffic up about 20 per cent and Irish Sea routes up by about 12 per cent. Recently both British Airways and Air UK announced reductions in winter flight plans, also caused by the recession.

A change in the major shareholding of Alderney Air Ferries, the charter airline operating between Alderney and Bournemouth, was announced yesterday, with the appointment of Mr. Robin d'Erlanger, a chartered accountant, as chairman and managing director of the company.

Mr. d'Erlanger, son of the

late Mr. Gerard d'Erlanger, a former chairman of British Overseas Airways, will succeed Mr. Ronald Ashley, on October 14.

The airline, which began operating only last year, has carried nearly six thousand passengers in the first eight months of 1980.

## Link of M25

A FURTHER section of the M25, fully linking it with the M3 will be opened to traffic on October 9.

The 2.4-mile section completes the new road between Egham and Chertsey.

# WRESTLING WITH RECESSION

Industry had become very sloppy ...

present policies have forced us to do

what has been needed for quite a long time

RHYS DAVID looks at how hard times are affecting Tootal, the textile group



IN THE next 18 months Tootal, the textile group, will move from its present headquarters—a landmark in Oxford Street, Manchester—to smaller leased premises in another part of the city.

A more modest head office is needed because a series of closures this year has greatly reduced its manufacturing operations in the UK.

With the closure of mills in Accrington, Stockport and Swinton, Tootal has now ceased yarn-spinning in Lancashire, though it still has two large modern mills spinning for its important worldwide thread business.

In August the group also shut Vale Mill in Blackburn, where it had concentrated woven fabric production, after closing its only other basic fabric weaving unit in February. The UK labour force is now below 15,000, and still falling, compared with 20,000 five years ago. Employees overseas have risen during the same period, mainly because of acquisitions in Australia and the U.S., from 9,000 to 22,000.

The present combinations of economic millstones—recession, high interest rates and strong sterling—are therefore merely the latest factors precipitating the transformation at Tootal.

Like all textile groups it has been adjusting for a long time to the problems of competing against low-cost imports, which in spite of a system of controls negotiated under the Gatt Multi-Fibre Arrangement are still arriving too fast for the market to handle.

The recession has merely added the final twist. But Mr. Robert Audsley, Tootal's chairman, is nevertheless inclined to regard the pricing, or even pneumonia-inducing, climate ushered in by the present Government as not without merit.

"Industry in this country had become very sloppy in its utilisation of labour, and present policies have forced us to do what has been needed for quite a long time," Mr. Audsley says. His particular bete-noire is the Temporary Employment Subsidy introduced by the last Labour Government and used by the textile industry more than any other sector. "We were forced under union pressure to take TES, yet the result at one mill which we have since had to close was that we lost £500,000 of Government money and a further £300,000 of our own."

But although Tootal has left

the businesses in which it sees no future, the recession is also exposing weaknesses in the areas of UK manufacturing it has chosen to concentrate on.

In thread, which accounts for roughly a third of its total sales of £400m, Tootal has a strong position worldwide. Plants in the U.S., Canada, Philippines, Malaysia, South Africa, Australia, Germany, and Nigeria complement big UK exports.

But the UK operations have faced increasing competition in domestic and export markets as a result of the high value of the pound, with imports cap-

Mr. Audsley says.

The UK investment is likely to be followed by further spending to update the group's U.S. thread equipment. More thread will be produced abroad. A recent big order from Morocco will be supplied from Tootal plants in the U.S. and Malaysia as well as the UK, whereas overseas plants used to supply only their immediate markets.

Tootal says it will be able to supply standard yarns around the world with marketing co-ordinated from the UK, enabling it to win a bigger share

quality womenswear (through Shima, a leading Marks and Spencer supplier), branded childrenswear (through Trutex), and branded menswear (through Tootal and Raelbrook).

Sales in the UK market have been hit, however, by weak consumer spending and competition from imports, and the value of sterling has affected exports. Instead of expanding rapidly in Europe, Tootal is having to bang on. "We have spent three years farming Europe, so we are not giving up markets lightly, but margins have been very poor," Mr. Audsley admits.

The company has responded to the pressure on its fabric operations by cutting pricing, raising inevitably the question of whether this sector is now on the slippery slope behind spinning and weaving. The loss-making Lovelock works was closed in April, and Strines printworks, where facilities have recently been modernised, is being cut from three shifts to one, with plans to concentrate higher up the market.

Manufacturing will also benefit from reduced overheads at group level, where the number of divisions is being cut from eight to four. Partly because of the extensive closures over the past year, Tootal is actually using less cash than a year ago; but running a tighter ship may not always make good sense and can even be counter-productive. Stocks, for example, have been cut by dyeing fewer goods, but this ultimately means less use of dyestuffs and higher energy costs.

There remains a limit, too, as Mr. David McCallum, the group's economist, points out, to the role investment and rationalisation can play. The long-term survival of all the group's British businesses depends finally on the Government's success in bringing down the rate of inflation and on a reduction in the sterling exchange rate. Tootal believes its UK operations can live with a rate of £2.15-£2.20, though it would prefer an even lower level. A rate that was permanently much higher would create problems.

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# BBC fees of £25m unpaid

THE Government is to spend £1m to increase the drive to catch television licence dodgers, Mr. William Whitelaw, the Home Secretary, announced yesterday.

It is estimated that about 1m people avoid payment of licence fees at an annual cost to the BBC of £25m. Last year more than 50,000 people were prosecuted.

An advertising campaign in newspapers and on television will warn offenders that a fleet of detector vans will be touring 100 towns and cities in the next few months.

Mr. Whitelaw, launching the campaign in Leeds, said: "Licence dodging is unfair on the majority of people who pay up. The licence system is still the best way of financing the BBC."

He also announced the introduction of a 50p television licence savings stamp—twice the value of the present stamp. The BBC also wants to introduce other methods of payment by instalments such as by credit cards, standing order, instalments and licence fee tokens to overcome the problem of coping with a single annual lump sum.

# Investment falls short of targets

By David Marsh

THE REGULAR surveys of companies' capital investment intentions conducted by the Department of Industry have not been particularly accurate in forecasting annual changes in corporate spending.

This is shown by a table in the latest edition of British Business, published by the Department of Industry and Trade, which compares past years' intentions with actual expenditure out-turns.

As might be expected, the intentions surveys become more accurate in forecasting actual out-turns when companies are questioned nearer to the periods under review.

But even the Department's "second April/May update"—the survey made in the spring of the year for which investment intentions are being questioned—has not produced very exact results.

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## Bid to avert Grain-style laggards' row in Wales

By Robin Reeves,  
Welsh Correspondent

AN ATTEMPT to meet the management of the Texaco cracker construction project in Pembroke Dock, West Wales, will be made today by General and Municipal Workers' Union officials.

The move is an attempt to avert another Isle of Grain-style laggards' dispute. It follows a mass picket of the site yesterday by GWMU members from South Wales and Merseyside.

They were protesting at the site employers' refusal to take on GWMU craftsmen trained for thermal insulation work.

Mr. Glyn Probert, GWMU district officer, accused officials of other unions of conniving with the management to bring an Isle of Grain situation into Wales by using "green labour" for lagging work.

"There seems to be a concerted action to squeeze the GWMU out of thermal insulation work in the construction industry," he said.

The GWMU is not party to the site agreement signed by the unions when the project started. But, it insists the lagging work now required is reserved for its thermal insulation craftsmen under a 1973 TUC agreement.

Mr. Harry Harris, GWMU regional officer, says the management agreed earlier this year, at the prompting of the six site unions, to establish instead a four-week training course in lagging for existing site labour.

Up to 30 men, members of the heating and domestic union, have so far been trained in this way.

He also claimed his members seeking employment on the site were being told they must join one of the site unions, before being taken on.

Mr. Probert said he had been invited onto the Texaco site this morning by the project's joint shop stewards' committee which was aiming to arrange a meeting for him with the management to solve the dispute.

He said if the site management was unwilling to meet the GWMU, the shop stewards had hinted strongly that work on the project would be halted.

First choice candidate for presidency backs down

## Blow for NUM moderates

By CHRISTIAN TYLER, LABOUR EDITOR

THE UNDECLARED race for the presidency of the National Union of Mineworkers has taken a new turn which has discomfited the moderates hoping to stop Mr. Arthur Scargill, the militant leader of the Yorkshire miners.

Mr. Ray Chadburn, the moderates' first choice as a challenger to retain the job for the Right when Mr. Joe Gormley retires in two years, has decided not to stand. Mr. Chadburn, the 47-year-old president of the Nottinghamshire area, has indicated privately that he is content to stay in his present post.

The Rightwing contestant will therefore almost certainly

be Mr. Trevor Bell, who is 53, and has been secretary of the white-collar branch, COSA, for only one year. Before that he was chief adviser to Mr. Gormley on industrial relations for 10 years.

Barring a last-minute change-of-heart, Mr. Chadburn's decision is likely to be made public next week, after the monthly meeting in London of the union's national executive.

The Left, which is quietly co-opting Mr. Scargill's chances—and Mr. Gormley himself appears not to disagree—will see this latest turn of events as further evidence of the confusion in the Rightwing camp. This contrasts sharply

with their own organised campaign, which has already begun.

But Mr. Bell is generally regarded by the Left as a harder man to beat than Mr. Chadburn, because of his wide contacts in the coalfields. The fact that he, like Mr. Scargill, is a Yorkshireman is also seen as an advantage in capturing votes in Yorkshire.

It seems likely that Mr. Chadburn will run for the general secretaryship, in succession to Mr. Lawrence Daly, who is due to retire in several years' time.

None of the protagonists would comment yesterday on the premature leak of the decision, except Mr. Scargill,

who said: "I am not concerned about who will oppose me. My main concern is that the progressive areas have already agreed to back my candidacy, and I will fight on the basis of my record against any candidate."

Mr. Scargill will be counting on almost total support from Yorkshire, Scotland, South Wales, Derbyshire and Kent to give him about 50 per cent of the 240,000 votes.

He will also be hoping for support in Durham, parts of Nottinghamshire, and majority support from the cokemen (a separate national constituency) to clinch the ballot vote, when it is held in about 18 months.

## BL merger urged by transport union

By Philip Bassett, Labour Staff

BL should merge with another international car company to give it a manufacturing capacity of 2m cars, says its largest union, the Transport and General Workers, in a report on the company's future.

The report, due to be officially launched at the Labour Party conference later this week by the TGWU and TASS, the white-collar section of the engineering workers' union, calls for a further £650m to be made available to the company by the Government.

The union's proposals, described as a "survival plan" for the company, were drawn up as an alternative to the strategy proposed by Sir Michael Edwards, BL chairman, which involves the loss of 25,000 jobs.

The mainstay of the union's proposals, laid out in the TGWU journal, is for a merger by BL "as an equal partner with another world auto firm," though no specific company is mentioned. The TGWU says the proposed partnership should aim for a 2m car capacity.

As part of this proposal, BL's present strategy of reducing its workforce should be halted. The TGWU, which has always opposed the loss of jobs, says BL's existing capacity will be necessary to deal with an upturn in the market in 1981-82.

The Government should hand over a further £650m funds to the company. The alternative to closure would, the TGWU says, cost around £10.2bn, would take five years and create massive unemployment problems.

No parts of the company should be sold off to the private sector.

The union calls for immediate talks between the Government, BL and its unions on expansion of the company towards its new partnership.

As part of this, the tripartite National Economic Development Council, should set up a special Motor Industry Economic Development Committee, and the TUC should establish a new industry committee to cover motor manufacture.

The TGWU makes a further call for import controls to be applied now. The union sees these as essential to BL's survival.

The union gives its full support to the new Mini Metro and Leyland Vehicles Roadtrain, but says the present Metro output targets are too low.

The report, "BL—The Next Decade" was drawn up by the unions following a meeting of senior TGWU BL shop stewards to consider the Eurofinance report on the company, commissioned by the TGWU, which warned that "short-term shocks" to BL Cars over the next three years could trigger the collapse of the business.

## MP calls for Press inquiry

By John Lloyd, Labour Correspondent

A TORY MP, Mr. Teddy Taylor, has joined the ranks of those anxious to learn the future of the two London evening newspapers, the Evening News and the Evening Standard.

Mr. Taylor, the MP for Southend East, has written to Sir Keith Joseph, Industry Secretary, to ask him to begin inquiries into reports that Associated Newspapers, which owns the News, and the Express Group, which owns the Standard, were discussing a merger of the two papers.

Mr. Taylor said that he supported the Government's policy of non-interference in the affairs of industry, but said that the possible closure of one of the papers "would be bad for the whole community in the South of England."

Last week, Mr. Stanley Clinton Davis, shadow trade minister, asked for a meeting with Associated Newspapers and the Express Group on the reported merger. He was unable to arrange a meeting with either group.

The National Union of Journalists' chapel (office branch) at the Evening News yesterday asked the paper's management for a statement on the present state of negotiations between the two groups.

A meeting of the 500 journalists employed by London weekly papers will today be asked to endorse their officials' rejection of the latest offer by the Newspaper Society, which represents the papers' owners.

The journalists are entering the third week of a strike which has closed some papers and forced others to print little more than advertisements.

Last week, the Newspaper Society offered £1 extra on an offer of £3.50 a week for London weighting allowance, against a claim of £20 a week.

## Dockers table claim for big pay rises

By PAULINE CLARK, LABOUR STAFF

LEADERS OF Britain's 24,000 dockers, whose employers have been among the first to feel the effects of the recession in trade, have tabled a claim for "substantial" pay rises—expected to be well into double figures—along with demands for a range of other improved benefits.

Negotiations involving the Transport and General Workers' Union will start in earnest later this month when employers are expected to take a firm line against any increase that will compound the financial problems hitting cargo handling companies.

The recent dispute over redundancies in Liverpool, which led to the threat of a national dock strike, highlighted the problems facing some port employers. They have already warned of the difficulties they face in financing Britain's surplus dock labour pool.

In the first stage of the dockers' annual wage round, union leaders are expected to press for an increase in the daily guarantee rate of £11 which will at least try to make up for the 16 per cent rise in

inflation. The dockers also want an increase in the national holiday rate of £82.50 a week, an extra week's holiday to bring the total entitlement to five weeks, improved sick pay, and a reduction in the working week from 40 hours to 35 hours.

Average earnings for dockers are put at £120 a week. Those in the surplus labour pool, who under the national dock labour scheme continue to be paid although there is no work for them, receive about £68 a week full back pay.

There are about 6,000 dockers employed in British ports as surplus labour and employers in the worst-hit ports have warned that they cannot afford to continue financing an ever increasing number.

This month's wage negotiations with port employers represent the first stage of a two-tier bargaining structure in which a national settlement is followed by local wage bargaining in the various ports.

The bulk of local settlement dates covering, for instance, London, Southampton, Bristol and Hull, come in January.

## Clyde oil rig yard set for closure

By RAY PERMAN, SCOTTISH CORRESPONDENT

A LAST attempt to save the Ayrshire Marine construction yard at Huoterston, on the Clyde, appeared to have failed last night, with two unions disagreeing over whether to accept conditions for a return to work.

A meeting attended by 800 of the 900 men who were employed at the yard until they were paid off by the U.S. management two weeks ago ended in confusion.

Members of the General and Municipal Workers' Union decided by a clear majority to return to work and the Mr. Keo Baker, the union's national official, went to report the outcome to the management.

But members of the Boller-makers' Union voted by a narrow majority to stay out and shop stewards said they would now ask the union's executive committee to make the month-long dispute official.

There was no comment from the management last night, but it now looks unlikely that the yard will reopen. The company may decide to remove the partially constructed platform for the Maureen oilfield and

he complete it elsewhere, possibly in Holland.

The Scottish development Department, which leases the Huoterston site to Ayrshire Marine Constructors, said it was considering a request from the company to breach the sea wall, a necessary preliminary to floating out sections of the structure.

The management had told unions that it might be willing to reopen the yard provided there were guarantees of better industrial relations.

It also wanted some of the delay in building the platform made up by moving about one-third of the work from the yard and allowing in subcontractors.

Shop stewards also believed that some workers, accused by the management of being troublemakers, would not be re-employed.

Phillips Petroleum, operator on the Maureen field, declined to comment. Under the original schedule, the platform was due for completion next spring with the field coming onstream in 1982. It now looks highly unlikely that first oil will be produced before 1983.

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## Representative for Lucas in France

Mr. Melville Guest, former first secretary (commercial) at the British Embassy in Paris, has joined LUCAS INDUSTRIES as head of the Lucas co-ordination and liaison activities in France.

On November 17 he will take over his new post of president directeur général de la Société Française des Industries Lucas. He will be based at the Paris office and will have overall responsibility for co-ordination of the group's interests in France and for maintaining contact at senior level with French Government and industry.

Mr. Guest will also join the Board of Lucas France SA, Freins Girling SA, CAV Rotadisel SA, Rist SA and Thomson-Lucas SA and will be a member of the Lucas Valeo (formerly Ferodo) partnership committee set up to co-ordinate the two companies' joint ownership of the French electrical company Ducellier.

executive of the London and Provincial Poster Group.

Mr. R. A. Hope, deputy chairman of GOLD FIELDS OF SOUTH AFRICA, has requested early retirement as from January 1 and pending his retirement will be going on leave as from October 1. Mr. Hope has resigned as a director.

On October 3, Mr. R. T. Byford retires as director of the BRITISH RUBBER MANUFACTURERS' ASSOCIATION and the TYRE MANUFACTURERS' CONFERENCE. He will be succeeded as director of the BRMA and the TMC by Mr. G. C. Gullen.

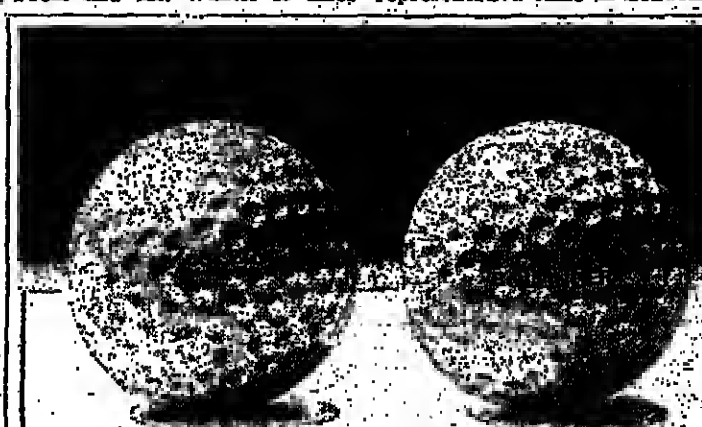
Mr. Ron O. Hughes has been appointed marketing director of MOBIL OIL COMPANY, the UK refining and marketing affiliate of Mobil Oil Corporation.

Mr. L. C. Johnson has been appointed chief executive of HARGREAVES INDUSTRIAL SERVICES from October. To succeed Mr. C. D. Stevenson who is taking over other duties within the Hargreaves Group.

MORGAN GUARANTY TRUST COMPANY of New York has appointed Mr. Ettore Landi, vice-president and assistant general manager in charge of the treasury division at the bank's London office. Mr. Landi succeeds Mr. Reginald Barham, a vice-president and assistant general manager of the bank, who will be retiring on December 31.

Mr. Marc Roché has been appointed commercial development manager of OXIRANE EUROPE INC. for the products derived from isobutane oxidation. He will be located at Eton.

STATE STREET BOSTON CORPORATION is not opening a branch in London, as reported yesterday, but is expanding its representative office in London.



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NOTICE TO BONDHOLDERS OF THE 6% PERCENT CONVERTIBLE BONDS 1988

On 15 August, 1980, United Overseas Bank Limited ("UOB") announced a Rights Issue of 42,517,550 new ordinary shares of \$81.00 each at a price of \$83.00 per share on the basis of 1 new ordinary share of \$81.00 each for every 5 ordinary shares of \$81.00 each to shareholders shown on the Registers of Members as at 19 September, 1980.

The price at which the ordinary shares in UOB were last dealt on the Stock Exchange of Singapore Limited prior to the Rights Issue announcement at 12.30 p.m. on 15 August, 1980 was \$84.68. Accordingly, the conversion price per share which would be effective on bondholders who may exercise their conversion rights has been adjusted in accordance with the provisions of Clauses 5 (g) (iii) and 5 (g) (d) of the Trust Deed dated 5 November, 1973 from \$84.95 to \$84.65 on 12 September, 1980.

CHAN CHEE PEW  
SECRETARY  
UNITED OVERSEAS BANK LIMITED

Dated this 29th day of September, 1980.

To the Holders of  
MITSUBISHI GAS CHEMICAL  
COMPANY, INC.

6% Convertible Bonds 1992

NOTICE OF DISTRIBUTION OF SHARES AND FUTURE ADJUSTMENT OF CONVERSION PRICE

Pursuant to Clause 7 (B) of the Trust Deed dated June 29, 1977 under which the above described bonds were issued, you are hereby notified that a free distribution of shares of our Company at the rate of 2 shares for every 100 shares held will be made to shareholders of record September 30, 1980.

As a result of such free distribution and the issuance of 20 million new shares by way of public offering to be made on October 1, 1980 an adjustment of the above described bonds which are issuable upon conversion of the above described bonds will be made on that date. Following establishment of such price at that time a further published notice will be given to bondholders.

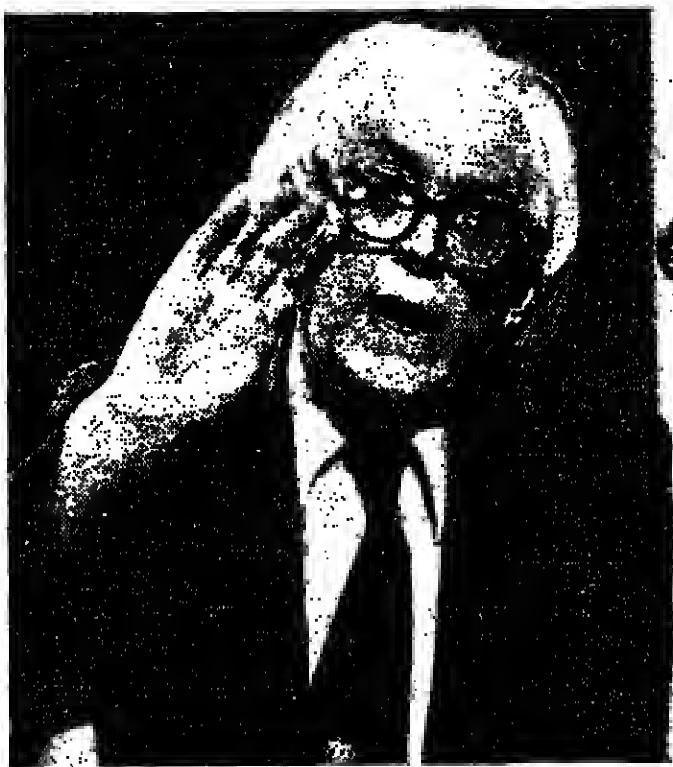
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## UK NEWS—LABOUR PARTY CONFERENCE



CONFERENCE FACES: Mr. Denis Healey (left), Mr. Michael Foot, Mr. Anthony Wedgwood Benn and Mr. David Basnett.

## Conflict continues on incomes policy

LABOUR'S CONFERENCE yesterday followed the TUC's example and passed two conflicting resolutions on incomes policy. Delegates accepted the National Executive Committee's advice on rejecting two more extreme Left-wing demands and taken together, the two that did get through do not take the party's policy much further.

They leave the leadership free to continue discussions with the TUC over economic planning without running the risk of being seen to go directly against the wishes of conference.

With the enthusiastic support of Mr. Anthony Wedgwood Benn, speaking on behalf of the NEC, conference voted by a large majority in favour of a resolution blaming incomes policy for the 1979 election defeat, and noting with "great concern" the call by leading members of the Parliamentary Party for the formulation of an incomes policy to be implemented by a future Labour Government.

The resolution, similar to that passed by conference in 1978, rejected any form of incomes policy except in the context of a Socialist planned economy in which prices and profits would be planned as well as pay.

On its own, the resolution would have made it difficult for the leadership to continue their discussions with the TUC on a possible agreement over pay.

But the conference then went on to approve by a much smaller majority a motion, proposed by the Union of Communication Workers, rejecting the concept of an incomes and prices "free for all inherent in the nature of free collective bargaining."

The motion, which was similar to one of the two passed by the TUC at its conference, urged the NEC to lodge a debate on alternatives to free collective bargaining. The motion was just about acceptable to the NEC because it also referred to the need to plan for the distribution of wealth and the control of prices.

## Knott denies 'mistake' in voting

AN ENGINEERING union delegate emphatically denied yesterday that he made a "mistake" when he voted to back Left-wing candidates for Labour's ruling National Executive.

Mr. Douglas Knott, 64, said he was a free agent and voted according to his conscience.

Mr. Terry Duffy, engineering president, and Sir John Boyd, general secretary, had both claimed Mr. Knott had promised to back Right-wingers and that his vote for the Left had been a mistake.

Mr. Knott's decision at Sunday night's delegate meeting resulted in a one-vote majority for supporters of the Left 18-17, and it committed the 920,000 votes of the moderate AUEW to the Left-wing candidates for Labour's NEC.

Mr. Knott said: "I decided the way I was going to vote long before I came to this conference... I voted according to my conscience."

When asked: "Were you expected to vote for the Right-wing and did you instead vote for the Left-wing?" he replied: "I was not expected to do anything."

ABOLITION OF the House of Lords—through the creation of 1,000 peers to play a Trojan Horse role—must be the first priority of the next Labour Government. Mr. Anthony Wedgwood Benn declared at Blackpool yesterday.

Speaking on behalf of the Left-wing-dominated National Executive, he argued that the immediate removal of the delaying powers of the Lords is the essential prerequisite to the establishment of State control of the economy in Britain on a scale unparalleled outside the Iron Curtain countries.

He envisaged that in the wake of the abolition of the Lords, the next Labour Government would "within a matter of days" rush a wide-ranging Industry Bill on to the statute book.

This would give the Government power to extend public ownership, control capital movements and provide for industrial democracy.

Then, "within a matter of weeks," a second Bill would be enacted designed to return to the House of Commons the powers transferred to the EEC Commission at the time of Britain's accession to the Treaty of Rome in 1973.

To the cheers of delegates, Mr. Benn looked to the collapse of the present Government's monetarist policies to open the way for this massive injection of State socialism long before 1984—the year in which the life

of the present Parliament must end.

He gloried in the opportunity to display himself as a mirror image of Mrs. Margaret Thatcher—a left-handed version of a conviction politician unafraid of proclaiming deeply held beliefs and ready to put them to the test.

Mr. Benn maintained that the next Labour Government could not be expected to pursue any other course.

If Mrs. Thatcher and her Cabinet composed of people who believed in monetarism could not make it produce results better than those now apparent for all to see, how could a Labour Government coming to power again be asked to adopt such policies?

Mr. Benn foresaw Labour coming into a grim inheritance from the failure of Thatcherism—a "broken-backed economy."

He warned that a Labour Government determined to embark on the policies he had outlined would come under tremendous pressures during its first few days of office.

These would come from the IMF, the EEC and the City of London.

Mr. Benn maintained that because of this it was essential for Labour to begin preparing for office now, with the political and trade union wings of the movement working together to produce a strategy which would prevent the next Labour Government being blown off course.

To cheers, and some laughter, Mr. Benn insisted: "This is a democratic socialist programme—a moderate programme when compared with the magnitude of the task we shall face."

Mr. Benn recalled that the commitment to abolish the House of Lords—excluded from Labour's last manifesto by Mr.

possible to have a wage restricting policy, while the profits of trade and investment and prices in every other part of the economy, are allowed to "move free."

While the cheers of the Left-wing punctuated the greater part of his speech, Mr. Benn ran into some protests when he

so far succeeding in this—that this Government's economic and industrial policies are ideological, impractical and unnecessarily damaging."

Mr. Basnett, who moved the main motion laying down that Socialist planning must form the basis of the party's economic strategy, was as

task of clearing up a bigger Tory mess than ever before. Mr. Basnett contended that in these circumstances it would be no use hankering for a 1960's-type industrial policy of incentives and tax concessions, or a 1976-style industrial strategy.

These concepts, he said, would be as irrelevant as the demands for the nationalisation of the top 200 companies.

Mr. Basnett told advocates of "completely free collective bargaining" that they were guilty of ignoring the fact that the State itself employed directly and indirectly a substantial proportion of trade union members.

For these workers, or most of them, there was always an "incomes policy"—a policy which split over into the private sector.

At the same time, Mr. Basnett agreed that it was no use hankering after institutionalised incomes policies—whether voluntary or compulsory. By and large, he said, these had been a "catastrophic failure."

But it had to be recognised, said Mr. Basnett, that the rate of wage increases was an important economic variable.

"We need a policy for determining public sector pay. A policy for developing collective bargaining. And a policy for the eradication of low pay."

Mr. Basnett highlighted the need for an understanding between an incoming Labour Government and the trade union movement on how incomes

would grow, prices be restrained and profits regulated.

But that understanding must be, and can only be, in the context of a much wider agreement, and involvement in all aspects of economic and industrial planning."

Mr. Moss Evans, leader of the TGWU, accused Mrs. Thatcher and her Cabinet of following an economic strategy founded on the need to drive up unemployment.

"They still believe that throttling the public sector, cutting jobs, services and orders, will ease the pressures on public borrowing."

"Yet every one hundred thousand extra unemployed costs around about half a billion pounds in extra borrowing to cover losses in tax and contributions, and increases in benefits."

Mr. Evans maintained that unemployment must again be made the top political priority and called for support for workers who resist factory and plant closures.

"We have got to develop the consciousness that these redundancies must be resisted wherever possible," he said. He looked to negotiators to secure reductions in working hours—including overtime—and the introduction over as wide an area as possible of the 35 hour week.

These were the tactics which would make sure that jobs were not just given away at the first hint of new technology.

## Abolition of the Lords a must, says Benn

Reports by Elinor Goodman, John Hunt, Ivor Owen and Margaret van Hattem. Photographs by Hugh Routledge

James Callaghan's veto—had already been approved by a massive majority by an earlier conference.

"It is not possible for a Labour Government to continue if it only has control of half a Parliament," he stressed.

Mr. Benn made it clear that the one thousand new peers created to ensure the passage of the legislation to abolish the House of Lords would have only a fleeting experience of ennoblement.

He explained that after the House of Lords had been abolished, the Peerage itself would be abolished too.

Mr. Benn's one concession to the Party moderates was to acknowledge that incomes policy could have a role in Socialist planning.

But he emphasised: "It is not

called for the rejection of a motion (subsequently defeated), urging the nationalisation of any firm threatening redundancies under workers' control and management."

Agreed policies had yet to be worked out with the unions in this area, he said, and it would be wrong to give pledges which it might not be possible to fulfil.

Mr. Benn accepted the force of the arguments used by some of the advocates of workers' control.

"This conference and the British people will ignore their words at their peril," he said.

A warning that the country has yet to be convinced that Mrs. Thatcher's policy will not work was given by Mr. David Basnett, leader of the GMWU.

He said: "We must convince the electorate—and we are not

gloomy as Mr. Benn in forecasting the prospects ahead if there is no general election by 1984."

If Mrs. Thatcher's Government completed a full term, he said, the heartland of British industry would have been destroyed. The employment prospects and relatively high incomes of manufacturing industry would have declined.

"We will have become a declining Third World nation with a prosperous commercial sector, but with the mass of people substantially worse off than they were 15 years earlier."

Mr. Basnett foresaw unemployment reaching 3m and a situation in which large parts of the welfare state had been dismantled.

Labour would then return to office, he said, faced with the

## In-fighting must stop says Foot

UNITE TO save Britain—this was the appeal made to delegates by Mr. Michael Foot, the deputy Labour leader, when he opened the big economy debate.

He forecast that the nation will soon face "the biggest economic crisis of the century."

Mr. Foot declared: "We have to serve and save the people of this country."

"That is our supreme objective, and let us keep it steadfastly before us."

Unlike Mr. Benn, who later dismissed the divisions in the party as an invention of the Press, Mr. Foot appealed to the comrades to stop fighting among themselves and reserve their ammunition for Mrs. Thatcher.

"We must rally our friends, confound our enemies and scatter those who talk in terms of centre parties and such like imbecilities," he said.

Mr. Foot condemned the "mad monetarism" of the Prime Minister and her colleagues, but conceded that not all of Britain's economic ills could be attributed to the Government.

There was the technological revolution and the world slump, he admitted.

But superimposed on top of these problems had been a "home-made catastrophe"—the election of the Thatcher Government.

Mr. Foot insisted: "Almost every action taken by the Government since it came to power in May, 1979, has intensified the crisis for our people."

He contrasted the decision taken by the Government last week to make a further £400m available to BSC with the refusal of Ministers to heed the advice given by Labour and trade union leaders at the start of the year.

If the Government had provided BSC with additional finance at that time, he said, the 13-week steel strike could have been averted.

He accused the Government of failing to provide assistance for private sector companies—hundreds of small firms were being "strangled" by the economic policies of the Government and its refusal to take any first aid action.

Mr. Foot envisaged that the solution of the crisis which the next Labour Government would inherit would require unprecedented action.

It would be necessary to mobilise the resources of the community on a scale not previously experienced in Britain in peacetime.

## Healey aims to lose 'divisive' tag

MR. DENIS HEALEY made a calculated bid yesterday to kill the idea that he would make a divisive leader of the Labour Party, and so destroy the main argument of the "stop Healey campaign."

In a speech from the floor, the former Chancellor was deliberately placatory and restrained himself from making the kind of inflammatory remarks about the Left which resulted in him being angrily heckled at his last appearance at a Labour conference.

Instead, he appealed for unity to fight the Conservative Government which he attacked with quite as much venom as any of the delegates. He also emphasised his own concern about unemployment and his belief in the need to reflate the economy by "pouring thousands of millions" more into creating jobs and strengthening industry.

Mr. Healey, the main architect of the incomes policy which the Left believes lost Labour the last election, reaffirmed his belief in managing incomes as well as prices, but he was careful not to alienate any of the unions further by making too much of this.

His four-minute speech received a decidedly muted reception from the conference who reserved their real cheers for Left-wingers like Mr. Anthony Wedgwood Benn and Mr. Neil Kinnock. But afterwards, the view seemed to be that he had played his cards well—if predictably.

Later Dr. David Owen, one

of the "gang of three" of outspoken Right-wingers, tacitly gave his support in the expected leadership contest to Mr. Healey on the grounds that he could rally the party behind him.

The growing expectation in Blackpool is that Mr. James Callaghan will step down in November. Since it is now unlikely that the rules for electing the leader will be changed at this conference, the odds are that Mr. Healey will succeed him.

The only hope of those who feel he would make a disastrous leader is that they can persuade Mr. Michael Foot, the deputy leader and lifetime Left-winger, to stand as a peace-making candidate.

But though Mr. Foot would want to see Mr. Healey blocked if at all possible, he still seems reluctant to stand himself.

Instead, his preference would be for giving his support to Mr. Peter Shore, the shadow Foreign Secretary. But even if Mr. Shore does get the valuable support of Mr. Foot, it will be difficult for him to beat Healey unless the "stop Healey campaign," which is being actively pursued in Blackpool, suddenly gathers momentum.

The main argument that those opposed to Mr. Healey are putting around is that his hillying tactics would split the party in two. For this reason, it was important that he did not repeat yesterday the aggressive tone he adopted at the Special Confer-

ence earlier this year. In the event, he reserved all his anger for the Conservative Government.

The British people, he said, must mobilise against the "most brutal, destructive and divisive Government in our history." The duty of the conference "above all others," was to unite "in a great crusade" against the Government.

In less than 18 months, he claimed, Mrs. Thatcher had turned back the clock 50 years. By this time next year unemployment would have reached 3m, he predicted. Thatcherism was a "plague spreading like wildfire" and Mrs. Thatcher was even "dragging the red rake of unemployment through the Midlands."

What was needed, he said, was a complete reversal of the present economic course with a major investment in jobs and Britain's industry and infrastructure.

Mr. Healey's only reference to his views on incomes policy—which have done so much to antagonise the Left and some unions—was to say that if Labour was going to have a managed economy, it must cover prices and incomes as well as everything else.

He concluded with a rallying cry which sounded as if it was meant to have people clapping in enthusiastic support, but which only got fairly muted applause. Labour, he warned, would give the Tories a field day if it fought amongst itself.

"Let us unite this week to speak as one to a nation which is crying out for leadership."

All the other likely contenders in the leadership contest are also using the week to mobilise their support. Mr. John Silkin, the shadow Industry Secretary, who, assuming Mr. Thatcher does not stand, will probably compete with Mr. Shore for second place, did not try to speak in yesterday's industry debate. But he is likely to try and get called to the EEC debate later in the week when he will attempt to consolidate his support among anti-Marketisers and Tribunes.

He is also appearing at two fringe meetings.

The supporters of Mr. Shore are arranging for him to meet the Press to present him as the candidate who could not only unify the party but also provide it with some radical new ideas.

Mr. Shore, who is also addressing four fringe meetings, may also try to speak in the international debate.

Meanwhile, the activity from the camp of Mr. Roy Hattersley, the shadow Energy Secretary, suggests he may be ready to put down his marker as a future leader by standing in November.

But by far the most active contender this week is Mr. Anthony Wedgwood Benn, who is not only speaking from the platform but also appearing at a dozen fringe meetings. As the rules are at the moment, however, he stands no chance of being elected leader.

## Defeat on nuclear programme

AN ATTEMPT to curb Britain's nuclear power station programme was defeated in the first card vote of the conference by 4.3m votes to 2.3m.

The resolution, from Edinburgh Central and Harrow East Labour Parties, called for the phasing out of Britain's dependence on nuclear power. It demanded the development of an alternative energy strategy based on conservation, coal and natural resources such as wind and tide power.

It condemned the present Government's decision to embark on a major nuclear programme and declared "nuclear power is unsafe, uneconomic and is a threat to trade union rights and civil liberties."

Mr. Arthur Scargill, the Yorkshire miners' leader, called on the conference to support the resolution "in the name of humanity."

"We have a thousand years of coal beneath our feet and an abundance of coal reserves, there is no need for nuclear energy development."

Strongly opposing the resolution, Mr. Gavin Laird, of the AUEW, said his union had 35,000 members in the nuclear industry and would spare no effort for their safety. He said that not one member of the public had been killed by radiation in the 25 years of the nuclear industry.

## Private education 'has to go'

CONFERENCE yesterday voted unanimously to abolish private education and to reverse the present Government's spending cuts, restoring the education budget to at least its pre-Tory level in real terms.

Here, at least, was one debate where speakers saw no need to issue repeated calls for party unity, as happened throughout the morning's debate on the economy. Indeed, with every one so obviously in agreement, it was less a debate than an opportunity to let off steam.

Mr. Aiden Harold Fleming, a delegate from North Fylde, set the tone with an impassioned appeal against the inequities of the education system. "Be not blinded by the pagantry of the troping of the colour," he roared. "When I hear the names Eton, Cambridge, Harrow, Winchester... I see why we idolised the pirate Drake and worshipped at the sanguine shrine of Elizabeth I."

"We won't get a truly comprehensive education system until the daughters of generals—and members of parliament—attend the local community school," said Mr. Graham Lane, secretary of the socialist education association. The private education system, privately run but publicly financed to the tune of £790m, was devious, exploitative and had to go. As Mrs. Thatcher told the EEC, we want our money back," he told a delighted audience.

The Conservative Government, according to Mr. Neil Kinnock, the Labour education spokesman, was a pack of crocodiles. With more than 700,000 under 24-year-olds now unemployed, the Government claimed to care about youth unemployment. "What they really care about is the sight of youth unemployment," he declared. "They just want to get them off the streets. Let them join Jim Prior's voluntary conscripts. Same old Tories—crocodile tears, crocodile teeth. As they weep, they cut."

It would take more than £1bn to restore the education budget to pre-Tory levels, which were themselves too low to satisfy anyone.

Even with the inflow of funds from North Sea oil, there would still be a long queue jostling for Government money—pensioners, hospitals, the coal and steel industry and many others.

"I'd be the last to push anyone out of the line," he concluded, "but education must get a very early place in the queue."

## Calls for unity dampen the spirit of malice

BY JOHN HUNT

IT IS always profoundly disconcerting when an old acquaintance suddenly starts acting completely out of character and changing the fixed habits of a lifetime.

Thus, it was with some irritation that one observed the curious, and hopefully temporary, transformation of the Labour Party on the opening day of the Blackpool conference yesterday.

We had been assured that this week's proceedings were to be particularly grisly, and that the Great Movement would fully live up to its reputation as Britain's toughest mob of political street fighters always ready with the knife and the knuckleduster.

But what was all this? A succession of old enemies was mounting the rostrum calling for brotherhood and party unity—Michael Foot, Anthony Wedgwood Benn, Denis

Healey, Moss Evans of the Transport Workers and Terry Duffy of the Engineers.

True, the old spirit of malice, briefly flared once or twice. There was some hearty hissing as Mr. Duffy, a leading moderate, came to the rostrum. This treatment, usually reserved for Frank Chapple of the Electricians, was presumably an echo from the recent brawling within the TUC.

Geoff Dixon, a delegate from Sidcup, could not resist putting the boot into Mr. Healey. It was no good, he snarled, for the former Chancellor to weep crocodile tears over the present economic light, when it was he who had led the attack on the working class by the IMF in 1976.

Such munny behaviour was, however, untypical. Unity was the theme of the day. Mr. Alan Tufin, deputy general secretary of the Union of Com-

munications Workers, called for the conference to adopt a policy for the next general election "so that the electorate knows where we stand in advance."

In fact this was the last thing that the conference managed to achieve. Lamped together in one mammoth rolling debate throughout the morning, were the crucial topics of trade and industry, economic strategy, unemployment and prices and incomes.

The crafty hand of the Party managers could be seen here. The muddling up of these issues allowed delegates to wander into all sorts of strange sociological highways such as "happy valleys" in Liverpool, apparently so named because housewives who live there are on tranquillisers as a result of "the terrible conditions that prevail."

Most of the motions were,

in fact, almost as anodyne as those inflicted on the delegates at Tory Party conferences. Lurking in the background was the one issue on which the Party and the unions are deeply divided. Namely, whether or not the next Labour Government should adopt a firm incomes policy and lay down a wages norm. This crucial subject was scarcely touched on in the debate and, at the end of the day, delegates ended up sitting firmly astride the fence.

They approved a motion rejecting an incomes policy and criticising the leaders of the Party for calling for one in recent speeches. But then, with blithe inconsistency, they adopted a second resolution calling for a continuing debate on the alternative to free collective bargaining and rejecting the concept of "an incomes free for all."

In other words, they completely fudged the issue and gave the Party leadership an opportunity to continue to search for some form of incomes policy.

Such trivial matters were, however, brushed aside by delegates as they bathed in the impassioned appeals for unity from platform.

"Let us rally our friends and confound our enemies," cried Mr. Foot in Cromwellian vein.

"We must unite in a great crusade to mobilise the British people against the most brutally destructive and divisive Government in our history," howled Mr. Healey.

Anyway, who worries about peripheral matters such as incomes policy and the economy when you can cheer Mr. Benn to the rafters for making yet another demand for the abolition of the House of Lords?



# Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CAME

## CASH REGISTERS

### More information at the point of sale

WHEN THE world's half-dozen or so major cash register manufacturers had to make the move from electromechanical to electronic techniques some 10 years ago, one or two ran into difficulties.

Nut only were the manufacturing costs for mechanical systems rising steeply, the price of acquiring the necessary electronics know-how and the time involved in doing so were crucial. At the same time the Japanese were beginning to make inroads into the UK and European markets.

One company that went through this trauma was Anker Data Systems (ADS) of Bielefeld, West Germany, which overextended itself in 1976 and was rescued by the private fortune of soft drinks millionaire Kurt Vurland.

It has been fighting its way back with some success in today's all-electronic market, although until recently the UK subsidiary had been selling Omron units from Japan pending the development of suitable in-house systems.

ADS has now dropped the Omron connection — although it lost some of its key people to that company in the process — and is now offering its own products. Ironically, however, although the machines are designed and programmed in

Germany the hardware internals are made in Japan under special manufacturing contracts.

Anker, up against such names as NCR, Sweda and Hugin as well as the Japanese importers has, it claims, re-established itself as market leader in Germany in electronic cash registers where it puts its market share at 25 per cent.

The company is now beginning to make a bigger impact in the UK particularly with its specialised systems for specific retailing areas including betting shops, fashion stores and restaurants.

The exciting point about the modern stand-alone cash register is that as digital electronics gets cheaper in relative terms with more and more functions incorporated on to semiconductor chips, then the register is able to provide more and more information to both customer and shopkeeper.

A good example is the model 41 VATmatic cash and carry register which has detailed VAT reporting, 15 character alphanumeric operator and customer displays, 18 character alphanumeric receipt printing and price look-up facilities. In addition, the electronics of model 41 are such that a number of the registers can be used in a linked fashion with all the management data produced by one of them — the master.

The 45 mm wide ticket printed for the customer has a large character heading for the store name, its number, the register number, the date, customer account number, price look-up transactions, items purchased by department, the subtotal, tax in two categories, the gross total, method and amount of payment and any change given. At the bottom of the ticket are VAT, transaction and cashier identification numbers. But this format is only an example and can be varied.

For management, on demand and periodic reporting is possible in up to 30 different ways including statistical analyses. In addition there are facilities for data collection on to cassette or disc.

The machine can accommodate access by 20 different cashiers and can deal with 16 variations in the way in which payment is made by the customer.

In keeping with modern keyboarding trends, the model 40 has "soft" keys, that is, they can within limits have whatever meaning the purchaser of the register desires — he can decide his own keyboard format.

It is with machines like this that ADS is tackling a market which in the UK alone is thought to be worth about £75m this year, of which the company hopes to win £4m.

With a Europe-wide sales network and 110 people in the UK employed in the service force, Anker believes it can get much closer to the customer than the companies in the Far East. For example, where a manufacturer specialises in machine with a manufacturing run of more than 1,000 units exists, Anker believes it can do business where many importers would have difficulties.

Mure from 19, Worpole Road, Wimborne, S.W.19 (01-947 1378).

GEOFFREY CHARLISH

## LABELLING

### Cure for nameless bottles

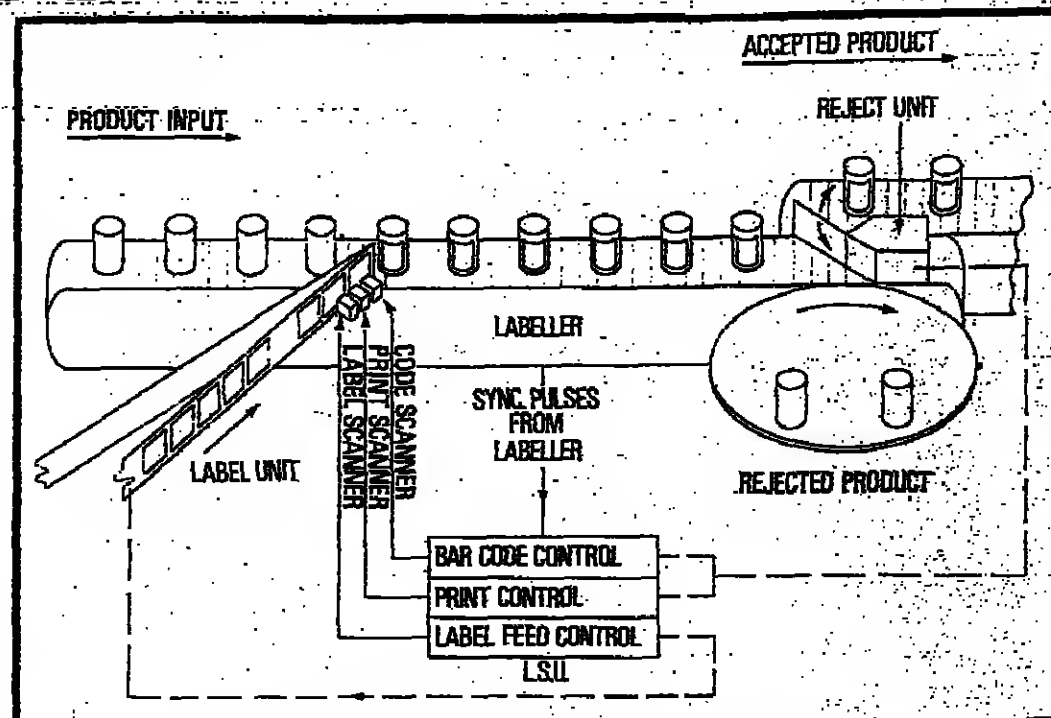
HARLAND Machine Systems has developed a cure for one of the most pernicious production diseases in the pharmaceutical industry — the unlabelled or wrongly labelled bottle.

It has launched a labelling security system which, it claims, provides immunity from labelling errors while allowing non-stop production.

The system — called "Cerberus" after the triple headed watchdog in Greek legends is also said to be the first of its kind. "Unless," according to Mr Robert Thornley, the UK sales manager, "they have something clever behind the Iron Curtain."

The pharmaceutical industry uses roll feed pressure sensitive methods for labelling its bottles almost exclusively — the rate of failure, of bottles wrongly labelled or not labelled at all, is high.

Bill Semple, Harland Machine Systems' managing director pointed out: "The only way to counteract such mistakes has been defensive and fallible: manual checking at the end of the line. The slowness and in-



How "Cerberus" guards the integrity of the bottles in its care.

accuracy of this method is further compounded by the heavy costs of product recalls.

The "Cerberus" system tackles the problems of missing labels, wrong bar codes and labels which have not been overprinted with hatch codes.

It is based on a system of scanners, one for each problem, linked to a control unit. The scanners pass messages back to

central control telling it if individual bottles are correctly labelled. If there is a fault, the central controller tells the reject mechanism to remove the offending bottle.

The manufacturer can decide how many consecutive bottles, up to a maximum of nine, should be rejected before a proper examination is undertaken.

The system can be fitted to existing systems and is, of course, applicable to any roll feed pressure sensitive labelling application.

Harland holds over 50 per cent of the UK market for such products, and exports worldwide. It was not prepared to give a price for "Cerberus" but savings are expected easily to outweigh the cost.

## PROCESSING

### Blending of fluids made more efficient

THE ADVANTAGES of distributed control in process engineering, in which a certain amount of transducer/actuator signal mustering and conditioning goes on at the outstations rather than centrally are becoming more and more attractive in cost terms alone

and now Jiskoot Autocontrol of Tunbridge Wells is offering a system for in-line blending operations.

This particular task — the mixing of fluid streams on a continuous basis — is felt to be one of the more demanding control functions in oil refinery and process chemical plant operation. Fast operation coupled with stringent quality control in the final blended product call for high metering accuracy and process loop safety.

Control, too, is of great importance so that the more connections there are from outstations to control room, the more protection is required of cables carrying for intrinsically safe working arrangements (no electrical arc possibilities) and so on. In addition, in a big plant there could be many long links, in armoured cable, raising costs.

The rationale behind distributed processing is that, with relatively cheap modern digital electronics a good deal of the work normally carried out by the control room equipment can be undertaken by outstation devices whose data can be multiplexed with other remote devices for transmission to a central point, but only as necessary.

Jiskoot's system, called Micro-Matic, captures the data from many transducers in the field at remote local intelligent controllers and takes the outputs back to the centre over a single cable.

Each stream controller is able to undertake a wide range of control functions, independently of the central controller which is freed for higher level supervisory and alarm management operations. Up to 24 stream controllers can be linked to the central controller by a single data highway loop, thus saving dramatically on cabling costs.

The control room unit uses a microprocessor with disc memory, VDU and keyboard, although the software is compatible with more powerful systems such as the PDP 11. Connections can also be made to a mainframe computer via an asynchronous RS232C/V24 serial communications line using a protocol to suit the user.

Field control modules give a wide range of processing and control loop functions in addition to carrying out quality control. At blend initiation, the central controller transmits the blend parameters into each stream controller module — allowing a common card to be used for all stream control functions.

Blend schedules are set up on the central controller screen, either by manual input or by recalling an existing schedule from the magnetic disc files. Each schedule consists of a number of displayed "pages" on the screen covering such quantities as blend rates, hatch amounts, component percentages, alarms and limits (data which will come back from the plant if something goes wrong).

A standard typewriter keyboard is used for entry of data, in response to a series of VDU prompts.

Jiskoot Autocontrol, Tunbridge Wells, Kent TN11 2DJ (0892 22291).

## MATERIALS

### External insulation

OLD HOUSES, with solid walls, can be upgraded to the same standard of thermal performance as is now set for new buildings.

This is the claim being made for an external insulation system called Styrofoam now being marketed by Cape Insulation Services. Basic material used for the system is Dow Chemical Company's Styrofoam, which, in the form of polystyrene panels, is applied to walls above the level of the damp course using adhesive and mechanical fixings.

When attached to the walls the panels are coated with Blue Circle glass fibre reinforced cement (to give impact resistance) and then given a textured decorative finish which again is a Blue Circle product.

Cape Insulation Services (Whitefriars Street, Coventry CV1 2DU), says that as well as cutting heat loss the system prevents frost, damage, and water penetration and that it could be specified as a thermally efficient alternative to standard rendering.

## FRAZER-NASH MECHANISATION

The complete engineering service — consultancy, design, development and manufacture for special purpose mechanisation — concepts to hardware.

Tel: 01-549 9412

## METAL TRADING

### Timing the dealings

SELLING AT London's new Metal Exchange in Plantation House, Fenchurch Street, EC3 which opens today, will be programmed through an English Clock Systems timing system.

The latter, called the ECS MasterClock System will automatically signal the start and end of the allocated dealing times for each metal. Additionally, the system controls "slave" clocks around the main dealing hall and in reception areas.

Consoles have been provided at the Secretary's booth. These indicate, on lamp panels within the dealing area, the entrance hall, which particular metal is being traded. Numbered indicator panels in the dealing area, and each booth, show incoming telephone calls.

At the end of each selling session a signal will be given for the start of "kerf dealings". There is also a public address system which will be used to give time signals as well as broadcast information.

Both the time signalling equipment and the public address system were installed by Programmed Communications, 70 The Broadway, Stoneleigh, Epsom, Surrey, TW20 2HP (01-394 9723).

Details of the quartz-based timing system can be obtained from English Clock Systems, Plantation House, Chase Road, Park Royal, London NW10 (01-965 9011).

## IN THE OFFICE

### Quick end for fiche

A SMALL desktop device from Microdot of Cores Ltd, Road, Bourne End, Bucks. ( Bucks End 27560) makes a film in microfiche, totally illegible, in about 30 seconds and is likely to be of interest to financial organisations and Government offices where confidential fiche must be disposed of.

The unit measures only 300 x 160 x 95mm and contains a heat source. However, no ashes have to be dealt with; one or more fiche are put into a special transparent envelope which is placed under the hinged lid of the unit.

Destruction is viewed through a window and the envelope and if its extent is judged insufficient the operation can be repeated.

NOTICE IS HEREBY GIVEN, pursuant to the Fiscal Agency Agreement dated as of October 15, 1975 under which the above described Bonds were issued, that Citibank, N.A., as Fiscal Agent, has selected for redemption on October 15, 1980 \$30,501,000 principal amount of said Bonds at the redemption price of 100% of the principal amount thereof, together with accrued interest to October 15, 1980. The serial numbers of the Bonds selected for redemption are as follows:

## Redemption Notice

### Electricity Supply Commission (South Africa)

10% Guaranteed Bonds Due 1983

## BOND NUMBERS

7	1387	2478	6102	8066	10030	11005	11840	12888	14911	15968	16936	20036	21741	22405	23306	24891	26485	27937	27552	28132	28681	29223	29783	30353
12	1349	2417	6114	8073	10038	11012	11849	12896	14919	15976	16944	20044	21749	22413	23314	24899	26493	27941	27557	28138	28693	29229	29789	30359
16	1336	2404	6106	8065	10030	11004	11838	12886	14909	15966	16934	20034	21739	22403	23304	24889	26483	27935	27550	28130	28679	29221	29781	30351
19	1323	2391	6093	8052	10017	10991	11825	12873	14896	15953	16921	20024	21736	22400	23302	24885	26479	27931	27552	28129	28675	29219	29779	30349
22	1310	2378	6080	8039	10004	10978	11812	12860	14883	15940	16908	20018	21733	22397	23297	24882	26476	27928	27553	28128	28672	29218	29778	30348
25	1297	2365	6067	8026	9991	10965	11800	12847	14870	15927	16895	20015	21730	22394	23294	24879	26473	27925	27554	28127	28669	29215	29775	30345
28	1284	2352	6054	8013	9978	10952	11787	12834	14857	15914	16882	20012	21727	22391	23291	24876	26470	27922	27555	28126	28666	29212	29772	30342
31	1271	2339	6041	8000	9965	10939	11774	12821	14844	15901	16869	20009	21724	22388	23288	24873	26467	27919	27556	28125	28663	29209	29769	30341
34	1258	2326	6028	7987	9952	10926	11761	12808	14831	15888	16856	20006	21721	22385	23285	24870	26464	27916	27557	28124	28660	29206	29766	30340
37	1245	2313	6015	7974	9939	10913	11748	12795	14818	15875	16843	20003	21718	22382	23282	24867	26461	27913	27558	28123	28657	29203	29763	30339
40	1232	2300	6002	7961	9926	10900	11735	12782	14805	15862	16830	20000	21715	22379	23279	24864	26458	27910	27559	28122	28654	29200	29760	30338
43	1219	2287	5989	7948	9913	10887	11722	12769	14792	15849	16817	19997	21712	22376	23276	24861	26455	27907	27560	28121	28651	29197	29757	30337
46	1206	2274	5976	7935	9900	10874	11709	12756	14779	15836	16804	19994	21709	22373	23273	24858	26452	27904	27561	28120	28648	29194	29754	30336
49	1193	2261	5963	7922	9887	10861	11696	12743	14766	15823	16791	19991	21706	22370	23270	24855	26449	27901	27562	28119	28645	29191	29751	30335
52	1180	2248	5950	7909	9874	10848	11683	12730	14753	15810	16778	19988	21703	22367	23267	24852	26446	27898	27563	28118	28642	29188	29748	30334
55	1167	2235	5937	7896	9861	10835	11670	12717	14740	15797	16765	19985	21700	22364	23264	24849	26443	27895	27564	28117	28639	29185	29745	30333
58	1154	2222	5924	7883	9848	10822	11657	12704	14727	15784	16752	19982	21697	22361	23261	24846	26440	27892	27565	28116	28636	29182	29742	30332
61	1141	2209	5911	7870	9835	10809	11644	12691	14714	15771	16739	19979	21694	22358	23258	24843	26437	27889	27566	28115	28633	29179	29739	30331
64	1128	2196	5898	7857	9822	10796	11631	12678	14701	15758	16726	19976	21691	22355	23255	24840	26434	27886	27567	28114	28630	29176	29736	30330
67	1115	2183	5885	7844	9809	10783	11618	12665	14688	15745	16713	19973	21688	22352	23252	24837	26431	27883	27568	28113	28627	29173	29733	30329
70	1102	2170	5872	7831	9796	10770	11605	12652	14675	15732	16700	19970	21685	22349	23249	24834	26428	27880	27569	28112	28624	29170	29730	30328
73	1089	2157	5859	7818	9783	10757	11592	12639	14662	15719	16687	19967	21682	22346	23246	24831	26425	27877	27570	28111	28621	29167	29727	30327
76	1076	2144	5846	7805	9770	10744	11579	12626	14649	15706	16674	19964	21679	22343	23243	24828	26422	27874	27571	28110	28618	29164	29724	30326
79	1063	2131	5833	7792	9757	10731	11566	12613	14636	15693	16661	19961	21676	22340	23240	24825	26419	27871	27572	28109	28615	29161	29721	30325
82	1050	2118	5820	7779	9744	10718	11553	12600	14623	15680	16648	19958	21673	22337	23237	24822	26416	27868	27573	28108	28612	29158	29718	30324
85	1037	2105	5807	7766	9731	10705	11540	12587	14610	15667	16635	19955	21670	22334	23234	24819	26413	27865	27574	28107	28609	29155	29715	30323
88	1024	2092	5794	7753	9718	10692	11527	12574	14597	15654	16622	19952	21667	22331	23231	24816	26410	27862	27575	28106	28606	29152	29712	30322
91	1011	2079	5781	7740	9705	10679	11514	12561	14584	15641	16609	19949	21664	22328	23228	24813	26407	27859	27576	28105	28603	29149	29709	30321
94	998	2066	5768	7727	9692	10666	11501	12548	14571	15628	16596	19946	21661	22325	23225	24810	26404	27856	27577	28104	28600	29146	29706	30320
97	985	2053	5755	7714	9679	10653	11488	12535	14558	15615	16583	19943	21658	22322	23222	24807	26401	27853	27578	28103	28597	29143	29703	30319
100	972	2040	5742	7701	9666	10640	11475	12522	14545	15602	16570	19940	21655	22319	23219	24804	26398	27850	27579	28102	28594	29140	29700	30318
103	959	2027	5729	7688	9653	10627	11462	12509	14532	15589	16557	19937	21652	22316	23216	24801	26395	27847	27580	28101	28591	29137	29697	30317
106	946	2014	5716	7675	9640	10614	11449	12496	14519	15576	16544	19934	21649	22313	23213	24798	26392	27844	27581	28100	28588	29134	29694	30316
109	933	2001	5703	7662	9627	10601	11436	12483	14506	15563	16531	19931	21646	22310	23210	24795	26389	27841	27582	28099	28585	29131	29691	30315
112	920	1988	5690	7649	9614	10588	11423	12470	14493	15550	16518	19928	21643	22307	23207	24792	26386	27838	27583	28098	28582	29128	29688	30314
115	907	1975	5677	7636	9601	10575	11410	12457	14480	15537	16505	19925	21640	22304	23204	24789	26383	27835	27584	28097	28579	29125	29685	30313
118	894	1962	5664	7623	9588	10562	11397	12444	14467	15524	16492	19922	21637	22301	23201	24786	26380	27832	27585	28096	28576	29122	29682	30312
121	881	1949	5651	7610	9575	10549	11384	12431	14454	15511	16479	19919	21634	22298	23198	24783	26377	27829	27586	28095	28573	29119	29679	30311
124	868	1936	5638	7597	9562	10536	11371	12418	14441	15498	16466	19916	21631	22295	23195	24780	26374	27826	27587	28094	28570	29116	29676	30310
127	855	1923	5625	7584	9549	10523	11358	12405	14428	15485	16453	19913	21628	22292	23192	24777	26371	27823	27588	28093	28567	29113	29673	30309
130	842	1910	5612	7571	9536	10510	11345	12392	14415	15472	16440	19910	21625	22289	23189	24774	26368	27820	27589	28092	28564	29110	29670	30308
133	829	1897	5599	7558	9523	10497	11332	12379	14402	15459	16427	19907	21622	22286	23186	24771	26365	27817	27590	28091	28561	29107	29667	30307
136	816	1884	5586	7545	9510	10484	11319	12366	14389	15446	16414	19904	21619	22283	23183	24768	26362	27814	27591	28090	28558	29104	29664	30306
139	803	1871	5573	7532	9497	10471	11306	12353	14376	15433	16401	19901	21616	22280	23180	24765	26359	27811	27592	28089	28555	29101	29661	30305
142	790	1858	5560	7519	9484	10458	11293	12340	14363	15420	16388	19898	21613	22277	23177	24762	26356	27808	27593	28088	28552	29098	29658	30304
145	777	1845	5547	7506	9471	10445	11280	12327	14350	15407	16375	19895	21610	22274	23174	24759	26353	27805	27594	28087	28549	29095	29655	30303
148	764	1832	5534	7493	9458	10432	11267	12314	14337	15394	16362	19892	21607	22271	23171	24756	26350	27802	27595	28086	28546	29092	29652	30302
151	751	1819	5521	7480	9445	10419	11254	12301	14324	15381	16349	19889	21604	22268	23168	24753	26347	27799	27596	28085	28543	29089	29649	30301
154	738	1806	5508	7467	9432	10406	11241	12288	14311	15368	16336	19886	21601	22265	23165	24750	26344	27796	27597	28084	28540	29086	29646	30300
157	725	1793	5495	7454	9419	10393	11228	12275	14298	15355	16323	19883	21598	22262	23162	24747	26341	27793	27598	28083	28537	29083	29643	30299
160	712	1780	5482	7441	9406	10380	11215	1226																



## THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

# When going public is not its own reward

BY NICHOLAS LESLIE

BRIAN ALLISON was not despondent when in 1970 he failed to convince the head of an Australian company to buy some market research carried out by his company, Business Intelligence Services. He merely told the Australian that he thought he was making a mistake, and that the time would come when he would change his mind.

It took a while. But two years ago, after Allison had again urged the Australian that he really would be better off with the BIS product, and that all his competitors were BIS customers, he returned to the UK to find a telex: "OK, you win. I'm in."

Determination and perseverance are two characteristics of which Allison is not short. They have enabled him to build up a business from nothing over the last 16 years. "When I look back on it, they were ferociously difficult, those early years. They were terrible, and my wife will confirm that." He now has a diversified service organisation that is achieving sales in excess of £7m, and which in 1979 earned £780,000 of pre-tax profits.

BIS began life selling market research on the paper industry to a number of clients rather than just one—"a new concept" claims Allison. Since 1964 it has expanded into many areas of industrial and consumer marketing research, as well as into computers and data processing (providing software and training), business publishing and the provision of in-house training courses for companies. One of its key activities is MIDAS (Modular International Data and Accounting System), a computerised date-based facility that is used by over 120 banks and other institutions worldwide.

Allison's original concept included the reasoning that senior management all too frequently avoided making decisions simply because they did not have the necessary data and information to do so. He reasoned that if he provided it, they would be perfectly prepared to pay for it.

In the process of creating BIS, Allison has demonstrated his belief in the free market system. He has encouraged his own executives by giving them considerable responsibility and a share in profits. Yet he has resolutely avoided seeking a public quotation for his company's shares.

He is also not so sure that a Conservative Government can hope to encourage a business revival with an administration that believes does not understand business. He illustrates this view with another little anecdote about being buttonholed by a senior civil servant at a cocktail party who said to him: "Tell me, Mr. Allison, what is this business risk you chaps keep on about?" When Allison replied that, for a start,



Brian Allison: "Many of my friends rue the day they went public"

Hugh Routledge

he had to find over £300,000 "in greens, in the bank, by next Friday, to pay our people around the world," the civil servant responded: "Oh, that's very interesting. Of course, we get paid by the central computer."

Allison's antipathy towards going public stems partly from a conviction that the rewards are not worth the constraints. Public companies get "immense" pressures from the City to account for themselves, he says. "I have got many friends whose companies have gone public and frankly they rue the day they did. They may have a very large house, but they don't sleep easy."

There are generally three reasons for going public, he suggests. One is that the key shareholders wish to realise some of their capital; another is that they want to raise funds to expand the company further; and the third is for defensive reasons. In that their ultimate objective is to be taken over by a larger company once they have a quotation.

## Typical

"None of these appeals to me," he says, though his reasons for saying so are not necessarily typical of a founder/shareholder whose company would clearly have a market value of several million pounds if it went public. Allison is not BIS's major shareholder—that position is held by a wealthy Dutchman who backed the company in its early days and who, controlling nearly one-third of the equity, has a "very long-term capital gain" as his objective, says Allison.

So Allison's own shareholding and those of his fellow directors, is of a size that "even

if we sold we wouldn't be financially independent. So we would be crazy to sell."

Allison is keen to preserve his independence. "We like being masters of our own destiny. I and some of my colleagues came from large companies where we were frustrated."

BIS has no cash pressures, says Allison. "We don't need any money. We have an overdraft facility we don't use and £1m of cash to invest. You can do an awful lot with that amount of money in management services which is people-based." The company's net assets total £2.5m, made up almost entirely of cash and debtors. It has very few fixed assets, "which we have not worried about, although we have been concerned that other people who look at us have been worried."

He plans to respond in such fears by seeking a compromise between profitable operations and a strong fixed assets base. This will be achieved by seeking to acquire next Spring 65 per cent of the shares in Christian Brann, a direct mail marketing company, in which BIS already has a 35 per cent stake. Brann owns land and buildings and has its own printing works. Additionally, BIS is considering the purchase of its London headquarters near Waterloo Station. But, says Allison, these deals can be financed from existing cash resources and cash flow.

The Brann link is typical of the way BIS likes to approach a "marriage" with another company. It takes a minority stake and then has options to increase the holding, depending on how the relationship develops. In this way it has built up a 76 per cent holding in Philip Shrapnell,

an Australian economic forecasting concern; has purchased staged options in Ian Mackintosh International, a consulting firm, and has bought a 26 per cent holding, with options to increase the stake, in Développement Services, a French company.

At the age of 47, Allison seems to have lost none of the fervour for business that set him off on his own particular path 15 years ago. But such fervour has fuelled some particular ideas which are at odds with each other in terms of his views on going public.

One the one hand, as a private company he can continue to motivate his employees in the manner he believes is best. He feels he owes his first allegiance to employees and so is not faced with the dilemma of also being responsible to a large body of outside shareholders.

As a believer in the concept of small company units, he likes to break down the BIS business into profit centres with around 50 employees in each, giving considerable responsibility to the directors and senior executives of each, in return for which they share 20 per cent of the pre-tax profits earned by their particular profit centre.

As an example of this philosophy, he points to BIS Applied Systems, which is separated into three profit centres—training, consulting and product development. "The chaps there have a say in the people they appoint, the targets they go for and the profits they make. That motivates human beings far more than anything else I know."

On the other hand, though, Allison does not believe in leaving wealth to his children. So he feels that if he is to be in a position to avoid leaving them anything but a "nest egg" he will eventually come under pressure to realise his capital. That being so, he sees only three options. One is to get a Rule 163 (2) listing on the Stock Market, thus avoiding the pressures and costs associated with a full quotation. Another is to wait until the company is much larger and the directors' shareholdings are big enough for them to be financially "fireproof" and seek a buyer big enough to guarantee the continued "culture and stability" of BIS.

Finally, and preferably for Allison, BIS could try to attract institutional shareholders. This would mean selling shares to pension funds and similar organisations—a move which Allison feels "we will probably do in the medium term, that is to say around five years."

## Managers' reading habits

THE MANAGERIAL profession is, as we all know, a sedentary way of life. Chairbound as the governor usually is, the nearest he or she ever gets to physical over-exertion is writers' cramp.

If the piles of newspapers and magazines that usually accumulate in his in-tray are anything to go by, one of the main features of his lifestyle is reading. This, presumably, keeps him in touch with day-to-day events in his industry and enables him to make better management decisions.

But how much of his time is taken up in paging through the forests of paper? Almost one day a week, it seems, assuming the rest of us, he works at least 39 hours a week.

This is somewhat more than the time spent by the last management generation, says the Cranfield School of Management in a study\* of the reading habits of more than 400 members of the British Institute of Management—whose members employ about a third of the UK's total workforce.

The survey, which covered use of BIM's library and information services over a period of a month, indicates that managers spent a mean average of 7.5 hours a week digesting the written word. Surprisingly, most of that time—more than three hours—was devoted to journals, while newspapers and

books took up almost two hours each.

The range of total reading, including that done in trains, aircraft, at home and elsewhere, was from one hour per week to a demanding 60 hours per week.

Forty six per cent of managers said they spent more than six hours a week reading. Another surprise was that 9 per cent claimed not to read a newspaper at all.

Respondents were also asked to rate the titles from which they gained most benefit in connection with their work. Top of the list were the Financial Times and Management Today, although Cranfield points out that Management Today is freely distributed to all BIM members. The Times, Economist, Sunday Times and Daily Telegraph were the next most popular organs, although their usefulness was reported to be markedly less.

Assessing the credibility of the survey, Cranfield says that respondents were asked to restrict their answers to reading in support of their managerial activities. Presumably, therefore, recreational reading was excluded from the answers "although it is recognised that one cannot always make hard and fast distinctions between the two."

Cranfield also points out that respondents were not restricted

to activities at the workplace—"we wished to identify all managerial and work-related reading."

"An obvious weakness here is that questionnaire and interview responses are not very reliable indicators of time spent. Nevertheless the replies certainly appear to indicate, at the very least, that reading is perceived by BIM members as a more time-consuming activity than earlier studies have indicated."

The researchers observe that in the case of at least a couple of the interviews, questions about reading habits proved to be somewhat threatening to the interviewees.

"There was on the one hand the manager who was clearly reluctant to admit that he read at all, because if he admitted this, he would also be admitting to being less dynamic and less overworked than his colleagues. Conversely there was the personnel officer who did admit to reading very little but felt very guilty about it and this guilt may have influenced her responses."

\*"Do Managers Read?" by John Blagden, published by BIM/Cranfield Institute of Technology Press. Price £2 or £3 non-members from Cotswold Press, Oxford, UK.

Arnold Kransdorff

## Bankers' guide

THE Inter-Bank Research Organisation deserves congratulations for producing the first really useful guide to EEC background papers, regulations, directives, recommendations, and judicial decisions, classified according to subjects likely to interest bankers and other financial institutions.

Some subjects are specific, such as banking, capital markets, monetary systems, and free movement of capital.

But other chapters dealing with more general subjects will also be useful to other seekers of EEC law. These deal with company law, competition, conflicts of law, consumer protection, external trade, establishment and services, insurance, social policy, and taxation.

This loose-leaf publication, which will be updated, is no more and no less than a guide. It is not another attempt at a textbook nor a mere list of legislation and decisions. It informs with admirable brevity

about the purpose and tenor of the documents, well selected from the EEC flood and—most usefully—records the legislative stages already passed by the numerous proposals afloat. It is introduced with a concise description of the EEC legislative process.

EEC Checklist, edited by Jane Welch, British Bankers' Association, 10 Lombard Street, London, EC3V 9EL. £20 (members £10) including fee for updating.

A. H. Hermann

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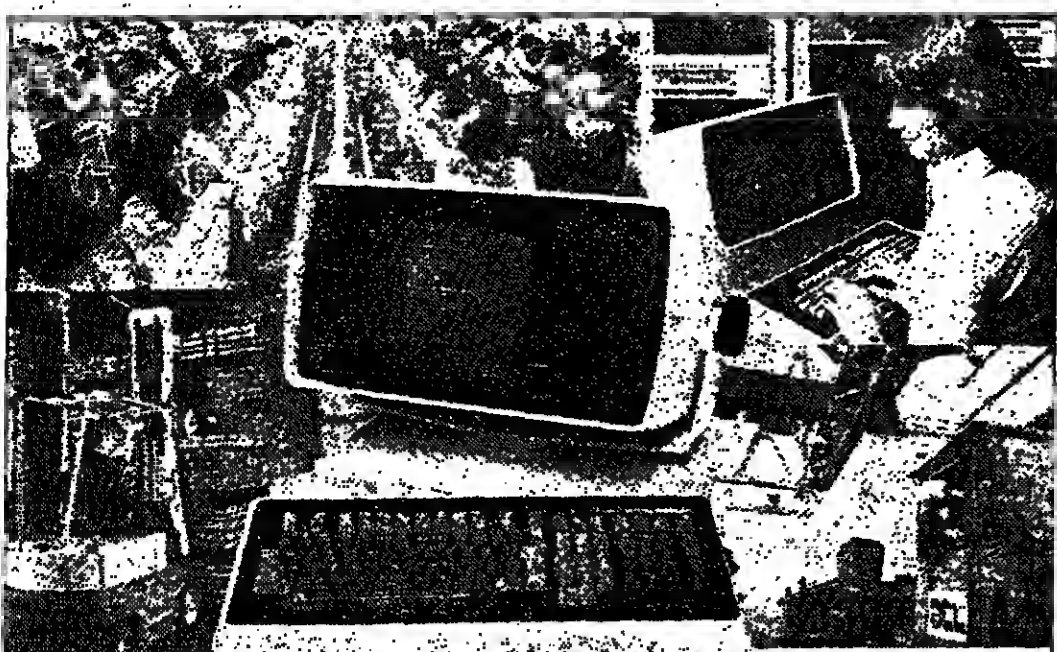
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12  
LOMBARD

# Economics off the rails

BY ANTHONY HARRIS

THE GOVERNMENT'S decision to allow British Rail an extra £40m on its cash limits to offset the loss of freight revenue from the slump is not going to put the whole economy right. It is worth a warm welcome, all the same; it could mark the dawn of sanity in a previous approach that was rigid to the point of madness.

There are, in fact, two sorts of craziness involved here—the approach to publicly-owned industries in general, and the approach to public transport in particular. The sanity which has appeared in only of the first kind.

The Government may well have wandered unawares into the morass on public sector pricing, because it set out on what looked like a firm, straight path—getting rid of public sector subsidies. This is not even a partisan question: Mr. Healey started it, and every general economist agrees that such subsidies are a bad thing. They misallocate resources, encourage inefficiency—I am sure you know the whole recital.

## Cash limits

Unfortunately, though, subsidies, like the money supply, are easier to talk about in a general way than they are to define; and however they are defined, cash limits on borrowing have proved to be a decidedly blunt hatchet for cutting them out. It is hard to know, for example, when you have stopped cutting out subsidies and started insisting that a monopoly must black-mail its customers into subsidising the whole capital for expansion through the prices they pay. No privately-run business could get away with this, but the telephone industry was forced to, and its chairman rightly resigned on that account. Sir William Barlow seems to be a better economist than his masters.

With recession, however, the policy wobbled straight into lunacy. When the electricity industry had to raise prices again because of weak demand—a step which would be suicidal in any competitive industry—lunacy was manifest.

The British Rail decision, then marks Government repe-

ance on this particular error; but I am afraid this is hardly like to persuade Sir Peter Parker to invite everyone to Marylebone for champagne; for the difficulty of earning a pre-ordained profit in a bad year is the least of his problems. Railways, and public transport in general, need subsidies in good years as well as bad, as virtually every other advanced country in the world realises, simply as part of sensible transport management.

The problem is very simple. According to the motorist, it costs about 20p a mile to run a car; compared with that, rail fares will still be good value even in November (and are in fact good value for companies paying business mileage). But for the ordinary motorist this is nonsense. It costs a great deal to own a car, but only 5p to 6p a mile to run it—the cost of petrol and oil. Even buses are dear by comparison.

There are only two ways to level up this disparity. One is to ensure that far more of the cost of motoring falls on the user rather than the ownership of cars. One might raise the petrol tax far enough to pay not only the road tax (as Labour sensibly proposed, but the Tories, in in-partisan rivalry, rejected), but also to pay for third-party insurance, hire purchase and maintenance too. Simple, perhaps, but silly.

## Rational

The second approach, adopted everywhere but in the UK, is to tax petrol enough to hurt and use this or other revenue to subsidise public transport—theoretically to the point where the user only has to pay the cost of running the buses and trains, not providing them.

Finally, public transport subsidies have a merit which ought to appeal strongly to the present Government. They show a profit. Every £100m spent in subsidies will save existing users substantially more than that sum, because the fare cuts will attract extra and highly profitable marginal traffic. It is time to forget the slogans and work on some proper analysis.

THERE IS an aphorism attributed to Harvard Business School which has become almost a stock-in-trade of mine when discussing the merits of sponsored films. In analysing the techniques of marketing and selling it says that "selling focuses on the needs of the seller, marketing on the needs of the buyer."

This maxim is especially appropriate to sponsored films because, if ever any shortcoming damages the medium it is the failure to give priority to the needs of an audience. I have sat through hundreds of tedious, boring, pedantic films where the marketing manager or PRO has thrust his own ideas relentlessly down my communication channels without caring a toss about whether I will like them or not.

## Favourite

To demonstrate the importance of subject relevance and the supremacy of content over form (even very indifferent form) I have on more than one occasion speculated on the film subjects that readers of this column would care most about. My top favourite has always been "how to double your profits." Who could resist a film title like that?

Now someone has actually

done it in a video programme entitled *How to Double Your Profits Within the Year*. Unlike the book bought by a newly-married friend—*How to Satisfy Your Husband* after the Honey-moon, which turned out to be a cookery recipe—this video programme really does set out to give some answers on profits.

It is in no sense a conventional film or video programme but rather a straight videotape recording of a seminar conducted by John Fenton. Quite a lump too, comprising a 60-minute videocassette (and copies of a 100-page "action plan" book). It would be wrong to criticise the style of this programme because it has no style at all; it is as functional as the results from any camera set on a static tripod.

At its preview (thoughtlessly screened with four other films) there was only time for a short extract so I cannot know if I would have stayed the full 60 minute course with Mr. Fenton. Yet I have to confess that, despite my early cynicism—as Mr. Fenton got going I began to find myself applying some of his ideas to my own business. Maybe, I thought, he's got a point—maybe it would be possible. Perhaps if I were to...

The programme is available from a new distributor, CST Training Services of Bushey Studios, Melbourn Road, Bushey, Herts, and although I warn that it is a tedious pro-

gramme I remain convinced that the temptation of doubling company profits may be too much for discriminating readers to resist.

The strategy is a sound one: identifying the needs of the audience. In the case of a management film made solely for sale or hire, the constraints are few. The problems arise when a sponsor has a message that he wishes to package in a palatable form—such as "buy our oil and petrol."

In fact, the oil companies have always been nil games at find-

—motorists, market gardeners and householders—and all three audiences will end up more sympathetic and committed to Shell in consequence. In the Shell tradition, they are all competent films; but I can offer no higher praise than that.

It almost doesn't matter, I fear, because the motorists, greenhouse owners and householders will all gobble up the messages regardless of the style and the lack of cinematic dash. This is not to say that no film would benefit from more creative sparkle. However

## FILM AND VIDEO

BY JOHN CHITTOCK

ing subjects of real interest to the public which at the same time relate to the sponsor's need, as with the latest three from Shell UK—*Shell Guide to Good Mileage*, *Under Glass*, and *Wrapping Up*.

It could be argued that these are anti-sponsor films because they are part of a campaign on energy conservation, showing viewers how to get more miles per gallon, avoid heat losses in commercial greenhouses and reduce energy bills in private houses. But each is aimed precisely at special audience groups with particular priorities

relevant to the content is to the target audience, it will always be consumed more eagerly, appreciatively and efficiently if it is presented with imagination.

Sometimes sponsors try very hard to do just that and in the creativity get hopelessly confused. This is a tendency in a new film made by the Costain film unit. *Forming the Thames*. The task is to show the large and complex Thames barrier construction project—what Costain—with Tarmac and HBM—have undertaken for the Greater London Council. The

theme chosen to give the film some human interest is a school project in which a group of children carry out a classroom exercise about the barrier.

Regrettably, one never comes to terms with the children because of the need to follow the construction project; while the latter sometimes relies on inadequate classroom models to explain the principles of the flood barrier. Yet the press kit reveals a photograph of a superb model that would have done the job so much better.

After seeing the film I still fail to understand exactly how the barrier works; but more important, I cannot understand for whom exactly this film was made. If for engineers and potential clients, it falls short on really solid engineering information, and if for people like me who live near the Thames (albeit only part of the time and well above flood level), it fails to justify its relevance in human and social terms.

It is left to two American imports to give my recent film viewing something of a lift. Both are being distributed in the UK again by CST Training Services. The first tackles the somewhat overworked subject of *Dealing with People*, but is ably interpreted by personable actors and actresses so that at least one is charmed into following the story. The second, equally professional and well-presented, deals with a

subject that some professional people may find disturbingly relevant to their own jobs: the temptation of allowing personal favours to influence business judgments.

The film tells the story of an executive who withstands pressure—over a business lunch—to award a contract to his host's company. Of course, knowing the subject of the film, we all then await the overseas holiday bribe. But more poignantly, it turns out that the contender for the contract has personal contacts at a private clinic—where the executive had tried to jump a long waiting list for his wife's admission for special treatment.

## Legal twist

The moral downfall of the executive inevitably follows, with a nasty legal twist at the end, which coincidentally—all employees are required to sign a document testifying that they have never accepted—or ever will accept—personal favours that might influence their business decisions.

The film succeeds not only through its professionalism, but intelligent scripting which rejects the predictable path of the "bribe" to think about it themselves. The final thought might well be "there but for the grace of God go I" which is, perhaps, as relevant as any film could hope to be.

# Piggott steps up his title bid

I CANNOT remember Lester Piggott—or any other jockey—for that matter—having a mount for a different trainer in each event on a six-race card. But that is the case with the nine-times champion this afternoon at Goodwood, as he tries to claw his way back into contention with Carson in what

respective mounts appeal more as place rather than win prospects.

One event I fully expect to see a training, however, is the 14-mile Cocked Hat Handicap. Here Piggott teams up with Philip Mitchell's lightly weighted Morality Stone, in preference to taking the ride on the Scotch Breezy-trained Butsky.

A late developing and handsome son of the Ascot Gold Cup winner, Ragstone, the three-year-old Morality Stone was clearly well thought of as early as last autumn, for his Ipswich handcap, where he finished second, was won by Super Asset for the hay's sole juvenile appearance.

Although never seen with a chance in that event, Morality Stone has since justified his trainer's expectations, and last time out added to some worthwhile earnings by besting

Piggott's mount, Francisus, with plenty in hand over a mile and three furlongs at Kempton.

The additional finding here, on slightly easier ground, will give him admirably and he is given a reasonably confident vote.

Now that Luca Cumani's string is back in form at last, hackers are probably best advised to stick with Night And Day in the Pheasant, Maiden Stakes.

## GOODWOOD

2.00—Bright Landing  
2.30—Junia  
2.40—Night And Day\*\*  
3.30—Morality Stone\*\*  
4.00—Heron's Hollow  
4.30—Penny Spring  
NOTTINGHAM  
3.00—Fortified  
3.30—Hill's Realm  
4.00—North Breckham  
4.30—Bezeque

## RACING

BY DOMINIC WIGAN

has become a somewhat one-sided battle for the championship.

Although Piggott, who took the honours as leading rider at the July Festival here, seems sure to close the gap with Carson, I doubt if it will be by more than one or two winners. For in several races his

respective mounts appeal more as place rather than win prospects. One event I fully expect to see a training, however, is the 14-mile Cocked Hat Handicap. Here Piggott teams up with Philip Mitchell's lightly weighted Morality Stone, in preference to taking the ride on the Scotch Breezy-trained Butsky.

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Piggott's mount, Francisus, with plenty in hand over a mile and three furlongs at Kempton. The additional finding here, on slightly easier ground, will give him admirably and he is given a reasonably confident vote. Now that Luca Cumani's string is back in form at last, hackers are probably best advised to stick with Night And Day in the Pheasant, Maiden Stakes.

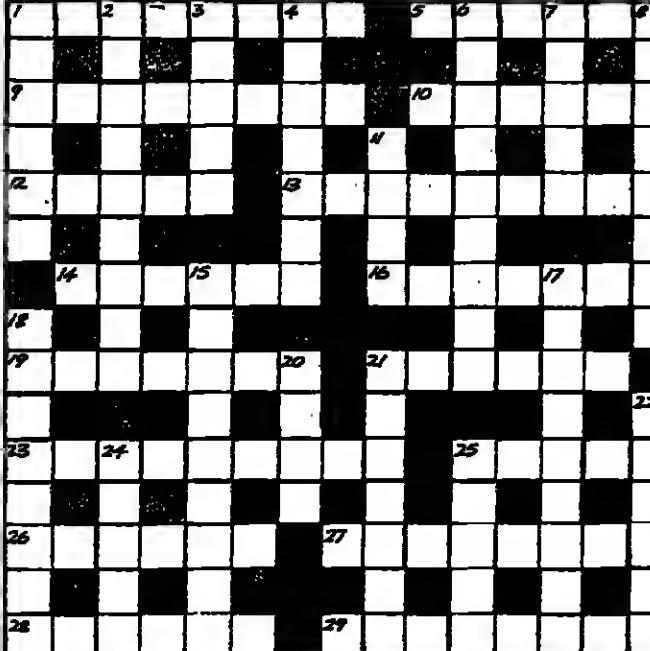
GOODWOOD  
2.00—Bright Landing  
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NOTTINGHAM  
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3.30—Hill's Realm  
4.00—North Breckham  
4.30—Bezeque

## TV/Radio

### BBC 1

Indicates programme in black and white  
6.40-7.55 am Open University (Ultra high frequency only) 3.05 For Schools, Colleges, 12.45 pm News, 1.00 Pebble Mill at One, 1.45 Baggins, 2.00 You and Me, 2.14 For Schools, Colleges, 3.20 Trem: Land reclamation in Holland, 3.33 Regional News for England (except London), 3.55 Play School (as BBC3 11.00 am), 4.20 Undercover Elephant, 4.25 Jackanory with Instant Sunshine, 4.40 Play Away, 5.05 John Craven's Newsround, 5.10 Stop-watch.

## F.T. CROSSWORD PUZZLE No. 4387



- ACROSS
- Dismiss people in sporting event (4,4)
  - Injury to finger from silver fastener (6)
  - Piles from in transport (8)
  - Stay with soldiers going to sea (6)
  - Attitude right for a model? It's a difficult question! (5)
  - Areas of land the Spanish weed (9)
  - Cheek initially roasted in shallow dish (6)
  - Make keen to bring to a point (7)
  - Cannot even briefly make a mess (7)
  - Infectious thanks to mmarch (6)
  - Time to change around pilot's instrument (9)
  - Live in front of a church—on the shore? (5)
  - Fighting weight for a small soldier (6)
  - Not a favourite layman (8)
  - Cut off detectives in river (6)
  - Court risk going to railway (8)
- DOWN
- Undress evil leader and lash (6)
  - One who steers birds on wagon (9)
  - Upstart makes a partial step (5)
  - A stupid mistake in a bell? (7)
  - Foreign currency from immature defender (9)
  - Accumulate a quantity (5)
  - Arrive by rail or overland communication (4,4)
  - Fling to ship (4)
  - Type of paper with the best spread (5,4)
  - Bag in America for face to touch (9)
  - What motor-cyclists do to cook eggs (8)
  - Memorandum school turned up (4)
  - Cap for sailor to line (7)
  - Drink and make a mistake in a fling (6)
  - Vessel in dock (5)

### BBC 2

6.40-7.55 am Open University, 9.30 Labour Party Conference, 11.00 Play School, 11.25-1.30 pm, and 1.00 Labour Party Conference, 4.50 Open University, 6.55 Where is Mama?, 7.10 Mid-evening News, 7.20 Roots of England, 7.50 The Line That Refused To Die: The background story of the narrow-gauge Festiniog line in North Wales, 8.30 Top Gear, 9.00 Butterflies, 9.30 Man Alive: Airfare—Unfair?, 10.20 Jack High: Kodak Masters Bowls Tournament, 10.50 Newsnight, 9.30 am Schools Programme, 12.00 Paperplay, 12.10 pm Pipkins, 12.30 The Sullivan, 1.00 News, 1.30 FT Index, 1.30 pm Thames News, 1.30 Crown Court, 2.00 Here Today, 2.30 Labour Party Conference, 4.15 Get It

Today, 6.45 Tom and Jerry, 6.50 Heddidi, 7.20 Gair I Gall, 7.45-8.35 The High Chaparral, 11.45 News Headlines: News and Weather for Wales, Scotland—10.30-10.55 am and 11.30-11.55 For Schools, 12.40-12.45 pm The Scottish News, 3.55-6.20 Reporting Scotland, 11.45 News Headlines: News and Weather for Scotland, Northern Ireland—3.53-3.55 pm Northern Ireland News, 5.55-6.20 Scene Around, 6.15-6.20 News, 6.20 Reporting Scotland, 11.45 News Headlines: News and Weather for Scotland, England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look Northwest (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

### BBC 3

6.40-7.55 am Open University, 9.30 Labour Party Conference, 11.00 Play School, 11.25-1.30 pm, and 1.00 Labour Party Conference, 4.50 Open University, 6.55 Where is Mama?, 7.10 Mid-evening News, 7.20 Roots of England, 7.50 The Line That Refused To Die: The background story of the narrow-gauge Festiniog line in North Wales, 8.30 Top Gear, 9.00 Butterflies, 9.30 Man Alive: Airfare—Unfair?, 10.20 Jack High: Kodak Masters Bowls Tournament, 10.50 Newsnight, 9.30 am Schools Programme, 12.00 Paperplay, 12.10 pm Pipkins, 12.30 The Sullivan, 1.00 News, 1.30 FT Index, 1.30 pm Thames News, 1.30 Crown Court, 2.00 Here Today, 2.30 Labour Party Conference, 4.15 Get It

### BBC 4

6.40-7.55 am Open University, 9.30 Labour Party Conference, 11.00 Play School, 11.25-1.30 pm, and 1.00 Labour Party Conference, 4.50 Open University, 6.55 Where is Mama?, 7.10 Mid-evening News, 7.20 Roots of England, 7.50 The Line That Refused To Die: The background story of the narrow-gauge Festiniog line in North Wales, 8.30 Top Gear, 9.00 Butterflies, 9.30 Man Alive: Airfare—Unfair?, 10.20 Jack High: Kodak Masters Bowls Tournament, 10.50 Newsnight, 9.30 am Schools Programme, 12.00 Paperplay, 12.10 pm Pipkins, 12.30 The Sullivan, 1.00 News, 1.30 FT Index, 1.30 pm Thames News, 1.30 Crown Court, 2.00 Here Today, 2.30 Labour Party Conference, 4.15 Get It

### BBC 5

6.40-7.55 am Open University, 9.30 Labour Party Conference, 11.00 Play School, 11.25-1.30 pm, and 1.00 Labour Party Conference, 4.50 Open University, 6.55 Where is Mama?, 7.10 Mid-evening News, 7.20 Roots of England, 7.50 The Line That Refused To Die: The background story of the narrow-gauge Festiniog line in North Wales, 8.30 Top Gear, 9.00 Butterflies, 9.30 Man Alive: Airfare—Unfair?, 10.20 Jack High: Kodak Masters Bowls Tournament, 10.50 Newsnight, 9.30 am Schools Programme, 12.00 Paperplay, 12.10 pm Pipkins, 12.30 The Sullivan, 1.00 News, 1.30 FT Index, 1.30 pm Thames News, 1.30 Crown Court, 2.00 Here Today, 2.30 Labour Party Conference, 4.15 Get It

### BBC 6

6.40-7.55 am Open University, 9.30 Labour Party Conference, 11.00 Play School, 11.25-1.30 pm, and 1.00 Labour Party Conference, 4.50 Open University, 6.55 Where is Mama?, 7.10 Mid-evening News, 7.20 Roots of England, 7.50 The Line That Refused To Die: The background story of the narrow-gauge Festiniog line in North Wales, 8.30 Top Gear, 9.00 Butterflies, 9.30 Man Alive: Airfare—Unfair?, 10.20 Jack High: Kodak Masters Bowls Tournament, 10.50 Newsnight, 9.30 am Schools Programme, 12.00 Paperplay, 12.10 pm Pipkins, 12.30 The Sullivan, 1.00 News, 1.30 FT Index, 1.30 pm Thames News, 1.30 Crown Court, 2.00 Here Today, 2.30 Labour Party Conference, 4.15 Get It

### BBC 7

6.40-7.55 am Open University, 9.30 Labour Party Conference, 11.00 Play School, 11.25-1.30 pm, and 1.00 Labour Party Conference, 4.50 Open University, 6.55 Where is Mama?, 7.10 Mid-evening News, 7.20 Roots of England, 7.50 The Line That Refused To Die: The background story of the narrow-gauge Festiniog line in North Wales, 8.30 Top Gear, 9.00 Butterflies, 9.30 Man Alive: Airfare—Unfair?, 10.20 Jack High: Kodak Masters Bowls Tournament, 10.50 Newsnight, 9.30 am Schools Programme, 12.00 Paperplay, 12.10 pm Pipkins, 12.30 The Sullivan, 1.00 News, 1.30 FT Index, 1.30 pm Thames News, 1.30 Crown Court, 2.00 Here Today, 2.30 Labour Party Conference, 4.15 Get It

### BBC 8

6.40-7.55 am Open University, 9.30 Labour Party Conference, 11.00 Play School, 11.25-1.30 pm, and 1.00 Labour Party Conference, 4.50 Open University, 6.55 Where is Mama?, 7.10 Mid-evening News, 7.20 Roots of England, 7.50 The Line That Refused To Die: The background story of the narrow-gauge Festiniog line in North Wales, 8.30 Top Gear, 9.00 Butterflies, 9.30 Man Alive: Airfare—Unfair?, 10.20 Jack High: Kodak Masters Bowls Tournament, 10.50 Newsnight, 9.30 am Schools Programme, 12.00 Paperplay, 12.10 pm Pipkins, 12.30 The Sullivan, 1.00 News, 1.30 FT Index, 1.30 pm Thames News, 1.30 Crown Court, 2.00 Here Today, 2.30 Labour Party Conference, 4.15 Get It

## Radio Wavelengths

105.3 kHz/285m 108.9 kHz/275m 109.5 kHz/270m 110.1 kHz/265m 110.7 kHz/260m 111.3 kHz/255m 111.9 kHz/250m 112.5 kHz/245m 113.1 kHz/240m 113.7 kHz/235m 114.3 kHz/230m 114.9 kHz/225m 115.5 kHz/220m 116.1 kHz/215m 116.7 kHz/210m 117.3 kHz/205m 117.9 kHz/200m 118.5 kHz/195m 119.1 kHz/190m 119.7 kHz/185m 120.3 kHz/180m 120.9 kHz/175m 121.5 kHz/170m 122.1 kHz/165m 122.7 kHz/160m 123.3 kHz/155m 123.9 kHz/150m 124.5 kHz/145m 125.1 kHz/140m 125.7 kHz/135m 126.3 kHz/130m 126.9 kHz/125m 127.5 kHz/120m 128.1 kHz/115m 128.7 kHz/110m 129.3 kHz/105m 129.9 kHz/100m 130.5 kHz/95m 131.1 kHz/90m 131.7 kHz/85m 132.3 kHz/80m 132.9 kHz/75m 133.5 kHz/70m 134.1 kHz/65m 134.7 kHz/60m 135.3 kHz/55m 135.9 kHz/50m 136.5 kHz/45m 137.1 kHz/40m 137.7 kHz/35m 138.3 kHz/30m 138.9 kHz/25m 139.5 kHz/20m 140.1 kHz/15m 140.7 kHz/10m 141.3 kHz/5m

## Radio 1

5.00 am News Summary, 5.05 Ray Marley (S), 7.30 The Wogan (S), 10.05 Jimmy Young (S), 12.05 David Hamilton (S), 2.00 Ed Stewart's Request Show (S), 4.05 Much More Music (S), 6.05 John Dunn (S), 8.05 Mooney's Wheel, 8.30 Glamorous Nights (S), 8.55 Sports Desk, 10.05 The American View of Laughs, 11.05 Brian May's Sound Midnight, including 12.05 am, 12.05 am You and the Night and the Music (S), 5.00 am As Radio 2, 6.30 Rush Hour, 10.05 The Robb's Vincent Telephone Programme, 1.03 pm London Live, 4.30 London News Desk, 5.35 Music on the Move, 7.35 Black London, 8.05-8.30 am, 8.30 am News, 9.00 am AM—Bob Holmes and Douglas Cameron, 10.00 Brian Hayes, 12.00 LBC Reports, 3.00 pm After Eight, 4.00 pm News, 5.00 pm LBC Reports, 1.00 am Night Extra, 3.30 LBC Cinema, 5.00 After Eight, Sunday (repeats), 5.00 Morning Music.

## Radio 2

5.00 am News Summary, 5.05 Ray Marley (S), 7.30 The Wogan (S), 10.05 Jimmy Young (S), 12.05 David Hamilton (S), 2.00 Ed Stewart's Request Show (S), 4.05 Much More Music (S), 6.05 John Dunn (S), 8.05 Mooney's Wheel, 8.30 Glamorous Nights (S), 8.55 Sports Desk, 10.05 The American View of Laughs, 11.05 Brian May's Sound Midnight, including 12.05 am, 12.05 am You and the Night and the Music (S), 5.00 am As Radio 2, 6.30 Rush Hour, 10.05 The Robb's Vincent Telephone Programme, 1.03 pm London Live, 4.30 London News Desk, 5.35 Music on the Move, 7.35 Black London, 8.05-8.30 am, 8.30 am News, 9.00 am AM—Bob Holmes and Douglas Cameron, 10.00 Brian Hayes, 12.00 LBC Reports, 3.00 pm After Eight, 4.00 pm News, 5.00 pm LBC Reports, 1.00 am Night Extra, 3.30 LBC Cinema, 5.00 After Eight, Sunday (repeats), 5.00 Morning Music.

## Radio 3

5.00 am News Summary, 5.05 Ray Marley (S), 7.30 The Wogan (S), 10.05 Jimmy Young (S), 12.05 David Hamilton (S), 2.00 Ed Stewart's Request Show (S), 4.05 Much More Music (S), 6.05 John Dunn (S), 8.05 Mooney's Wheel, 8.30 Glamorous Nights (S), 8.55 Sports Desk, 10.05 The American View of Laughs, 11.05 Brian May's Sound Midnight, including 12.05 am, 12.05 am You and the Night and the Music (S), 5.00 am As Radio 2, 6.30 Rush Hour, 10.05 The Robb's Vincent Telephone Programme, 1.03 pm London Live, 4.30 London News Desk, 5.35 Music on the Move, 7.35 Black London, 8.05-8.30 am, 8.30 am News, 9.00 am AM—Bob Holmes and Douglas Cameron, 10.00 Brian Hayes, 12.00 LBC Reports, 3.00 pm After Eight, 4.00 pm News, 5.00 pm LBC Reports, 1.00 am Night Extra, 3.30 LBC Cinema, 5.00 After Eight, Sunday (repeats), 5.00 Morning Music.

## Radio 4

5.00 am News Summary, 5.05 Ray Marley (S), 7.30 The Wogan (S), 10.05 Jimmy Young (S), 12.05 David Hamilton (S), 2.00 Ed Stewart's Request Show (S), 4.05 Much More Music (S), 6.05 John Dunn (S), 8.05 Mooney's Wheel, 8.30 Glamorous Nights (S), 8.55 Sports Desk, 10.05 The American View of Laughs, 11.05 Brian May's Sound Midnight, including 12.05 am, 12.05 am You and the Night and the Music (S), 5.00 am As Radio 2, 6.30 Rush Hour, 10.05 The Robb's Vincent Telephone Programme, 1.03 pm London Live, 4.30 London News Desk, 5.35 Music on the Move, 7.35 Black London, 8.05-8.30 am, 8.30 am News, 9.00 am AM—Bob Holmes and Douglas Cameron, 10.00 Brian Hayes, 12.00 LBC Reports, 3.00 pm After Eight, 4.00 pm News, 5.00 pm LBC Reports, 1.00 am Night Extra, 3.30 LBC Cinema, 5.00 After Eight, Sunday (repeats), 5.00 Morning Music.

## Radio 5

5.00 am News Summary, 5.05 Ray Marley (S), 7.30 The Wogan (S), 10.05 Jimmy Young (S), 12.05 David Hamilton (S), 2.00 Ed Stewart's Request Show (S), 4.05 Much More Music (S), 6.05 John Dunn (S), 8.05 Mooney's Wheel, 8.30 Glamorous Nights (S), 8.55 Sports Desk, 10.05 The American View of Laughs, 11.05 Brian May's Sound Midnight, including 12.05 am, 12.05 am You and the Night and the Music (S), 5.00 am As Radio 2, 6.30 Rush Hour, 10.05 The Robb's Vincent Telephone Programme, 1.03 pm London Live, 4.30 London News Desk, 5.35 Music on the Move, 7.35 Black London, 8.05-8.30 am, 8.30 am News, 9.00 am AM—Bob Holmes and Douglas Cameron, 10.00 Brian Hayes, 12.00 LBC Reports, 3.00 pm After Eight, 4.00 pm News, 5.00 pm LBC Reports, 1.00 am Night Extra, 3.30 LBC Cinema, 5.00 After Eight, Sunday (repeats), 5.00 Morning Music.

## Radio 6

5.00 am News Summary, 5.05 Ray Marley (S), 7.30 The Wogan (S), 10.05 Jimmy Young (S), 12.05 David Hamilton (S), 2.00 Ed Stewart's Request Show (S), 4.05 Much More Music (S), 6.05 John Dunn (S), 8.05 Mooney's Wheel, 8.30 Glamorous Nights (S), 8.55 Sports Desk, 10.05 The American View of Laughs, 11.05 Brian May's Sound Midnight, including 12.05 am, 12.05 am You and the Night and the Music (S), 5.00 am As Radio 2, 6.30 Rush Hour, 10.05 The Robb's Vincent Telephone Programme, 1.03 pm London Live, 4.30 London News Desk, 5.35 Music on the Move, 7.35 Black London, 8.05-8.30 am, 8.30 am News, 9.00 am AM—Bob Holmes and Douglas Cameron, 10.00 Brian Hayes, 12.00 LBC Reports,



## THE ARTS

## Paris: Biennale des Jeunes

by WILLIAM PACKER

The 11th Biennale des Jeunes, the so-called Biennale des Jeunes, is now on public view (until November 3), the major portion of it occupying the upper floors of the old Musée d'Art Moderne, just up-river from the Trocadero Gardens, with a small ramp to be found on the mezzanine level of the Centre Pompidou. Held under the joint auspices of the Ministry of Culture and Foreign Affairs, and the Mayor of Paris, it is an event international by invitation and of some considerable cumulative prestige; for the French are inclined to take such things as seriously as they take themselves, and this is a generous, imaginative and, certainly to the artists themselves, a most valuable act of practical patronage.

It was due to take place last year and so, in fairness to disappointed youth, the qualifying age has for the moment been raised by a year to 36. Naturally the French themselves, parading de seigneur, take the lion's share of space and attention, with something like a third of those artists showing in the Plastic Arts category alone; but over 40 countries have chosen to send young artists to represent them, a great many of them admittedly only a single spy or two, but the cultural powers, as we might like to see ourselves, respectable battalions. West Germany and Italy, for example, have 11 artists each, and if the Irish three are added to ours, the British Isles 13 in that same category.

There is, on the other hand, comparatively little to be seen from Communist countries, rather less from Latin America, and hardly anything at all from Africa and the Arab world; and surprisingly only to the section given to Video Art. China does take part but, as seems to be her habit, somewhat bare, with only a few separate displays of recent popular art that, in the context of Western modernist engagement, can only seem utterly, ludicrously bizarre.

The Biennale falls into four sections, with some minor overlapping: the Plastic Arts, Video, Performance and Experimental Cinema; of which, apart from a single performance by the Irishman, Nigel Rolfe (catalogued with it in any case), I had the opportunity only to study the first. Whatever generalisations I make apply, therefore, only to the Biennale as a festival of the Plastic Arts, as they are presently understood. But it is overwhelmingly the largest section, holding more than enough to see, ponder and assimilate.

As is always the case with these huge international committee shows, what we confront is an extraordinary, visually raucous, one feels at times hopeless jumble of the most varied and unpredictable fighting for its aesthetic life against what chance or the diplomatic coups of the hanging have made its neighbours. No matter how conscientiously the organisers might strive for unity, such is the nature of the exercise, so vast in scope, so varied and unpredictable the contributions (for so much must be taken on trust, so much accepted unseen or, at best, inadequately photographed), that all coherence is dangerously insubstantial.

But this is not so much a deficiency as a simple unqualified characteristic, disappointing in itself only if contrary expectations are entertained. The variety might make for hard work, but also for surprise and stimulation, and the opportunity to take a broad, arbitrary view across international activity, especially so when it is naturally less well-established and official, is one to value. If, in sheer self-defence, a particular country chooses to submit a delegation which will achieve a substantial presence amidst the bubble, fair enough. Here I must declare my own interest, for at the invitation of the British Council, the sponsoring body, I had a say in selecting the artists to represent the UK—and I certainly subscribed to

the view, which the event has confirmed, that it would be wise to choose artists whose work was robust and self-sufficient enough to look after itself in circumstances where ideal display could not be guaranteed.

In consequence conceptual work, photographic work and subtle and complex installations, which the British Council has frequently sent abroad in recent years, was passed over this time in favour of autonomous, discreet objects: paintings, sculptures and reliefs. The eight artists who chose represent not one but themselves, no particular school, no single aspect of modernist or avant-garde preoccupation; all are conspicuous, in a show that contains a great deal of triviality, for their seriousness and their technical accomplishment. Of the painters, Paul Hemphill's quiet, total pictures of ambiguous objects, rods and spaces, lying in close, walled-in spaces, are as beautiful as anything in the entire Biennale; Edwin Easseydorchik's huge monochrome panels impressively outface the decorative patterns of Mlle Isabelle Champion-Metallier, that share their cubicle; Michael Crowther commands the entrance to the exhibition, by virtue of a wall built at the eleventh hour, with his huge images, simplified figures in a Matisse space; and Stephanie Bergmann's frail hangings sit alone on the staircase, deceptively self-effacing.

As luck would have it, our four sculptures, for me in confusion and general post, found themselves sharing one of the simplest, cleanest spaces of all, with only a stray Austrian carver, whose work at least was not unsympathetic, for company. Thus, quite unforeseen, Brian Thompson, Keith Reeves, Lloyd Gibson and Dave King, who form or would wish to form no group, make the most impressive collective display of the Biennale.

It is one thing to come to a decision many months before hand, quite another to confront

the fruits of one's deliberations in the event; but, though it may sound uncritically chauvinistic to say as much, I must say I was relieved and gratified to see our artists show up so well. The Irish presence is less assertive—from Northern Ireland gentle abstractions from Felim Egan, and a single low rectangular sculpture, immensely heavy, from John Aiken; and quite separately from Ireland three artists, of whom, though I found Connors' stoneware figurines most intriguing, the performance man, Nigel Rolfe, is the most notable.

His performance takes place at intervals at the Pompidou, where he has erected a platform some 10 feet off the ground, the floor of which is transparent, and upon which he disposes himself stark naked. The ritual I saw him enact had him place small piles of pigment around himself, first white, then blue, in which he would roll, at first dry and then wet, to the fascination of an audience which was assiduous in recording every detail of what it saw. The distant view of this tableau, a raft above a sea of heads, on which Rolfe lay motionless, his body glistening like a Canova marble in a pink light, was removed and unexpectedly impressive.

For the rest, I came away less concerned with the meretricious, the gimmicks and side-shows with their squawks and flashes and self-conscious earnestness, which are not important, than grateful for the good number of excellent, authentic, well-made works of art that are unquestionably to be found amongst them: the sewn mannikins of Gitta Daehlin from Norway, for example, or the loose and open abstractions of Dominique Ganthier which were shown somewhat more extensively in Venice this summer. There is, too, the engaging photographic tableaux which are enacted by the Poles, Mroczek and Sikora and their friends, splendidly grotesque visions of Alice's Wonderland.

## Festival Berlioz by MAX LOPPERT

The treatment accorded Berlioz in France, during his lifetime and consistently thereafter, has constituted one of the most famous and durable of cultural scandals. Other countries, Britain foremost among them, might discover and celebrate the genius of the greatest composer produced in that country during the 19th century (some might say, the only great composer) by means of a regular exploration of all his works. At home, until quite recently, he was apt to be viewed, with elegant condescension, as a curiosity, someone to be occasionally revived and then greeted with all the critical commonplaces—"brilliant orchestrator, immature musician, wild romantic"—of the Berlioz myth. The conductors who performed without cuts and critics who could evaluate without prejudice were there; but they were outnumbered.

Is all that changing? The sign of ultimate acceptance will be noted when the Paris Opéra finally gives, in one place, without cuts, a lavishly produced *Troycene* (this was a proposal announced some time back, by Bernard Lefort for his 1980 inaugural splash as that theatre's artistic director, and later dropped). Meanwhile, if the Festival Berlioz, in its second year of existence at Lyons, is anything to go by, the process of transforming French opinion of Berlioz is already far advanced. The 1980 festival was already far advanced, earlier this month, and unfolded both in Lyons and in La Côte St. André, the composer's birthplace, a small town lying south of Lyons and north of Grenoble. Its high point was intended to be the first complete French *Troycene*, even if the work was still to be disposed into two parts, *Troy* and *Carthage*, on two separate evenings. The opera performance aroused expectations not fully justified by the event; but four days of the festival itself aroused a sensation much more comprehensively rewarding—the feeling that, despite passing defects and inadequacies, Berlioz was at last getting a major share of his due in his native land.

The festival is the inspiration of Serge Baudo, conductor of the Orchestre de Lyons, and internationally renowned as a Berlioz and Messiaen specialist. By him and producer Louis Erlo *Les Troycenes* was planned for performance not in the Lyons opera house but in

its new concert hall—the Auditorium Maurice Ravel, a gigantic "enclosed amphitheatre," hideous from the outside but impressive and well equipped from within, at the centre of one of the skyscraper complexes that have transformed the city skyline (mainly, it seems, to its detriment). Various unofficial explanations, compounded of rumour and gossip, were offered for the failure to undertake the work either in the opera house or as a fully staged production in the Auditorium; these had to do with local artistic politics, the practical limitations imposed by both venues, and civic regulation.

The result was a "realisation scénique"—a sort of concert in costume with token dramatic effects. The orchestra (on the platform) and large chorus (ranked above it in evening dress) were framed by designer Jacques Rapp's "stage"—a construction of artificial rocks stretching above the musicians and along the sides, wide and arched, like the top band of a frieze, upon which the costumed principals disported themselves, frequently making long entrances and exits upon the flights of stairs enclosing the acting area. The style was indeed frieze-like, and implied a stylisation that, logically carried through, might have shed new light on the drama; but it was sadly compromised by shapeless robes, mostly in dull biscuit or white (the bearded Jean-Philippe Lafont as Choroëus was got up somewhat like a Trojan Baba the Turk), by ill-conceived lighting changes, and by episodes of irrelevant "action" involving non-singing extras and reaching a nadir of nonsense during Dido's death. Television cameras, in the French style, paraded across the front of the platform, offering their own distractions; flashbulbs went off continually; on both evenings a sizeable section of the audience trickled in late. It was a mark of Baudo's conducted mastery, and a token of the degree of musical preparation, that ensemble stayed mostly firm and even cogent despite forces so broadly arrayed, and despite all the concomitant irritations.

On both evenings one's response followed a similar course. Initial pity for those whose first experience of the work this might be, was replaced by mounting thrill as, despite every hazard, its great ness was made manifest, its peculiar dramatic force, nobility and grandeur. Judged on purely musical grounds—none of the singers should be held

responsible for the posturings into which they had been forced—it was a curate's egg of a performance: good orchestra, always apt of timbre but not always conditioned to sensitivity over detail (the solo clarinet raced with brutal superficiality over the minor-to-major-key patches of André mace's pantomime), excellent chorus (drawn from Opéra de Lyons forces and from Sorbonne and Zagreb student choirs); and a conductor capable of moulding the music expertly, very tender with the unfolding of the melodies (the Dido-Anna duet sounded uncommonly beautiful), but lacking rhythmic incisiveness, dramatic energy, above all the spiritual fire British Berliozians have been led to expect in this of all operas.

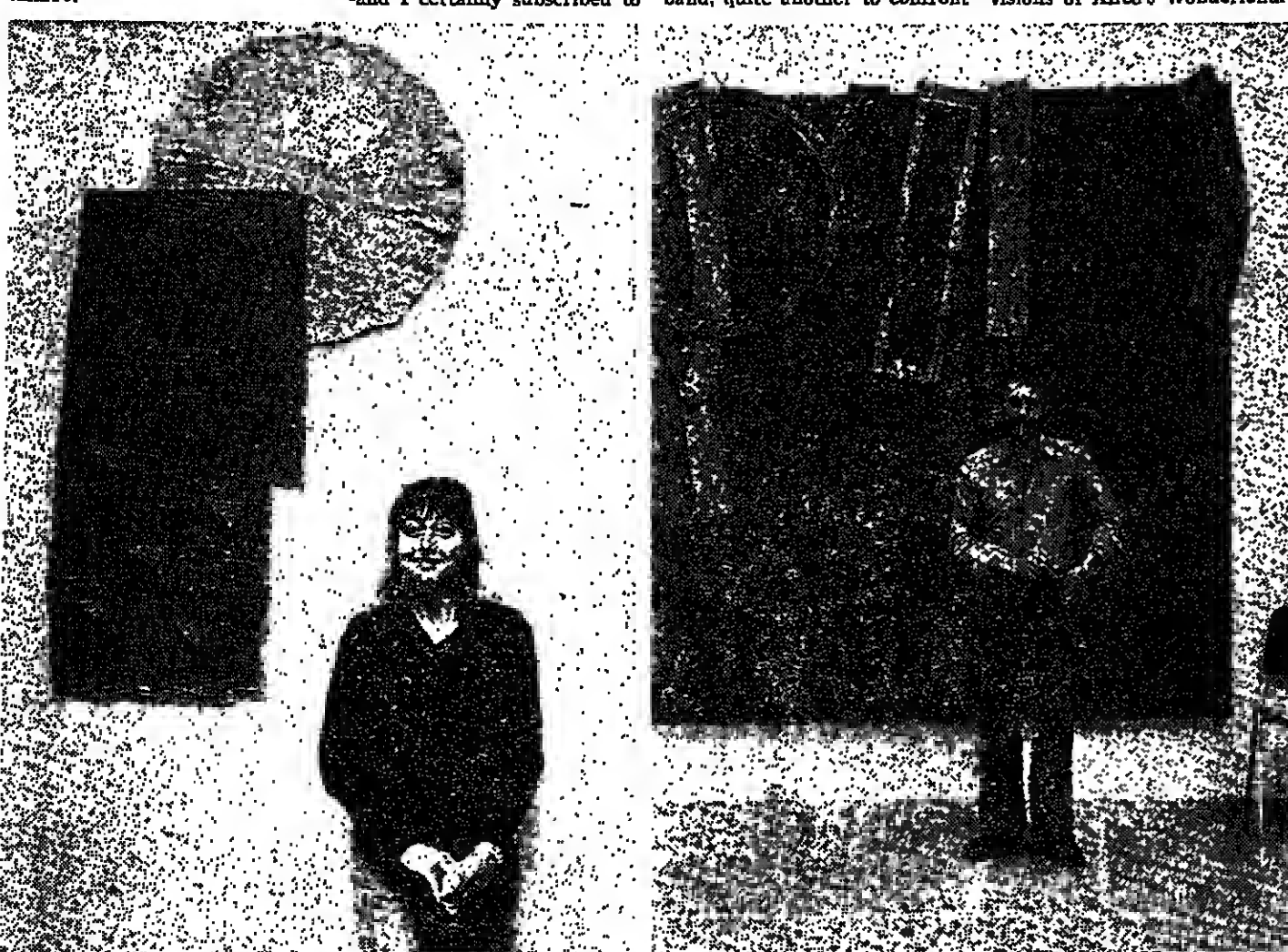
The cast was of similarly mixed quality. Of the natives Nadine Denize (Cassandra) disappointed because of consonantal slurs at times near-wordless declamation, and the multi-talented Lafont because of rough tone; Pierre Thau's Narhal was somberly impressive, Léonard Pézino's Hylas the most poignant you could hope to hear. Xenophobia of a specifically (and dislikeably) French kind was glossed by the young American star, Unruh as Aeneas: while his throatily horizontal tenor could not rise ringingly to the heroic outbursts, his committed and intelligent manner of coping with them merited neither the boos nor the critical salutes. The major introduction was to the Dido, an Argentinean mezzo, winning increasing fame in Europe (Coveat Garden promises her shortly, as Cheru-hino). The voice is ripe and warm, its womanly lustre tinged with an Iberian sharpness, and while she has not mastered the art of declaiming the words with the same eloquence as a practised classical heroine, the pleasure afforded by so long and unforced a vocal line was by no means inapt to Berlioz.

Between the arid tensions of Troy and the expansive warmth of Carthage, the festival had interposed a day of relief at La Côte. The town still stands, as Berlioz's Memoirs informs us on its first page, "on the side of a hill, overlooking a wide, rich plain"; on the plain, though there is no longer any sense of dreamlike grandeur. It was a town en fête. Banners and ribbons were out. The Roman Carnival blared through speakers. A visit to the Berlioz home, now his museum, to the town hall for a brilliantly

original but too lengthy puppet show based on *Les Grottesques de la maitrise*, to the Eglise de la Côte St. André for an hour of small choral pieces, interspersed with short readings, delightfully sung by a local amateur choir, were the prelude to the evening festivity.

Into the Halles, a long rectangular covered market place of wood and of late-medieval date, poured thousands, a choir of (it was claimed) 900 adults and children, and just about every student instrumentalist in the Côte d'Or for a concert of the large ceremonial Berlioz. The programme included most of the short cantatas—the beautiful "Pièce du matin" had been orchestrated for children and tactfully placed wind and strings, by the conductor Sylvain Cambreling—and closed with a smashing performance of the complete Berlioz-orchestrated *Morsellaise*. Again, flashbulbs popped mercilessly; children cried, and people strayed in and out; but the sense of occasion was tremendous, not only because the best of the "popular" Berlioz prefigures such a gathering as this, but because the concert illuminated, so truly and movingly, the deep Frenchness of his art. If at various times Berlioz has seemed to own Lyons, he is that no longer; by this concert his roots in the southern plain, under the hot southern sun, have been revealed as ineradicable and unforgettable. Cambreling is a young Frenchman reminiscent, in the virile intensity of his conducting style and keen command of forces, of our own Sir John Rattle; and is evidently a musician of no less extraordinary talent.

Though Berlioz kept the visit to Lyons to explore the city and the vicinity of Lyons cursorily—which is as it should be—Lyons is a great festival city. Two great rivers, the Rhône and the Saône, provide an embarras de richesses of banks on which to walk; the confrontation of Gallic, Roman, and Christian civilizations provides a wonderful variety of museums, foras, theatres, squares, and old streets to explore; and the restaurants of Lyons provide their own famous and irresistible temptations. For 1981 the festival promises *Berlioz et Bénédicte* and the *Grande Messe*, with the presence of the Orchestre de Paris to lend lustre. Though not perfectly coherent or coordinated in every detail, this is a festival that, like few others, deserves its name.



Stephanie Bergmann and Edwin Easseydorchik, British participants in the Biennale des Jeunes in Paris, with their work.

## Festival Hall

## Muti/Menuhin by DAVID MURRAY

Ricardo Muti and the Philharmonia began their concert on Sunday with György Ligeti's *Romances*, that 1960s study for strings doing very tiny things. They kept up the teasingly breathless pianissimo admirably amid the surrounding rumble of British phlegm, but louder Ligeti would have been safer. Sheer concentration by the players helped the piece to make its frail precise point nonetheless. The audience that had come chiefly for Yehudi Menuhin seemed cautiously appreciative.

Menuhin played the Brahms

Concerto, lovingly and rather slowly. There were signs that Muti had deferred to his tempi—the prudent course as well as the proper one—without quiet believing them: in the outer movements the orchestra seemed unwontedly ponderous, though Muti resourcefully treated the Finale as a slow stamping dance with a swag. In any case Menuhin's rapidly upward performance rivetted the attention. It was full of tender revelations about the music, bar by bar—almost a lesson in the Concerto: there was more portamento in the playing

than is fashionable nowadays, but not so much as Brahms' dedicatee Joachim undoubtedly felt. The rewards were commensurate with the idiosyncrasies, and Muti kept pace with great aplomb.

In Schumann's E-flat Symphony, the "Rhenish" despite evident good will and sound intentions, there was less communicative conviction. Farly it was the orchestral sound, which remained big and lush where a humbler address speaks louder. The horns, for example, were domineeringly brazen (especially in the opening *Lebhaft*), and the result persuaded one that Schumann

must have expected a smokier, more rustic tone. But in general Muti had to make palpable efforts to realise the easy good spirits of the Symphony, with some stiffness of movement often felt; he shaped the curves of the Scherzo with engaging freshness, but similar sophistication in the Finale sounded wilful and self-conscious, and the slow movement was respectfully, impersonally unfolded. A kind of pianist's rubato, essential in Schumann, was lacking. It was still an intelligent reading, and only a little untidiness in the strings' spicato passages betrayed the generally polished execution.

## JCS launches Britain's largest jazz touring circuit

What is claimed to be the biggest jazz touring circuit ever set up in Britain got under way last night at Cambridge when the Ronnie Scott quartet began a seven-date out-of-London tour. This marked the launching of a ten-week season by the Jazz Centre Society which has been given the title "Jazztours".

British, American and European musicians will be participating in this venture which will operate on two levels, clubs and concerts. The concerts will be given by the Phil Woods quartet (October 20-November 1) and the Gary Burton quartet (November 2-December 1).

Club dates will be given by Eberhard Weber's Colours, Jimmy Knepper touring with the group of Bobby Wellins, Barbara Thompson's Paramartha, Eddie "Cleanhead"

Vinson with the John Birch trio, Alexis Korner with Colin Hodgkinson and the "Tough Tenors" package featuring Stan Sulzmann and Don Weller with the Joe Palin trio.

Almost all the engagements are outside the London area and take in numerous venues including York, Sheffield, Edinburgh, Cambridge, Darlington, Kendal, Hull, Hatfield, Lincoln and Grantham.

The intention is that "Jazztours" will run every fortnight from autumn to early summer each year, presenting jazz at concert and club level. Plans are already well advanced to continue this level of jazz activity throughout 1981.

Fuller details from the JCS, 35, Great Russell Street, London, WCI.

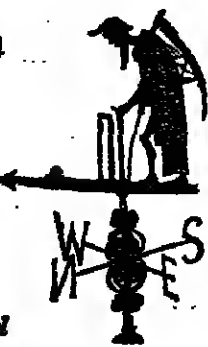
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- \* An adjacent secondary building will incorporate parking, guard accommodation and main building standby power generation (one-and-a-half megawatts).
- \* Approximately 30 kilometres away will be a one-and-a-half square kilometre transmitting site, incorporating a power building (primary generation of about two megawatts), a transmitter building and antenna farm for worldwide HF coverage, as well as guard buildings, site roads and fences.

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**PREQUALIFICATION**

This diversified project may require conglomeration of a number of companies. Proven experience and performance in multi-disciplined ventures is a prerequisite for participation. Emphasis will be placed on project leadership from an electronics sector able to interface telecommunications with computer hardware and software, while co-ordinating and integrating other disciplines.

Potential joint ventures or consortiums should submit pre-qualifications documentation of final status, related project experience, human and technical resources as well as an outline of intended project organisation and management.

No further information will be given at this stage. Submissions should be made as soon as possible and no later than 16 October 1980 to:

Project 1457, Suite 1, 64 South Alder Street  
London W1Y 5PD, England

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Tuesday September 30 1980

# The IMF ducks the issues

THE most important substantive issue seemingly to have emerged in the opening stages of the annual meeting of the International Monetary Fund in Washington is whether or not the Palestine Liberation Organisation should be admitted as an observer. On this, it appears, depends the prospect that the Fund will be able to borrow directly from the OPEC surplus countries, notably Saudi Arabia, and so enlarge its role as a financial intermediary. The Fund, in short, is devoting its attention to an irrelevance tied on to the tail of a makeshift.

The Fund itself is not to be blamed for this sad state of affairs. It can move no faster than its 140 member states, and the present state of the debate reflects their preoccupations, which are largely domestic and inward-looking. In the developed world these policies are apparently producing some potentially encouraging results: the OECD, in a remarkably sanguine survey of a depressed world economy, has forecast that the adjustment to the latest increase in world oil prices will be less inflationary in the short run, and less damaging to growth in the long run, than the crisis of 1974-75.

## Deficits

However, this forecast does contain one feature which is encouraging only from a narrowly self-interested point of view: it seems that it is now expected that the current account deficits of the developed countries will be lower than expected, and on a falling trend, while the deficits of the developing countries, which are by a long way the least credit-worthy, will grow to some \$80bn in 1981. This can only happen, of course, if someone is prepared to finance these deficits. In this connection the modest expansion of IMF quota lending facilities—in line with the assistance already granted to Turkey—will probably prove much less important than the indications that the Fund will in future interpret the conditions of lending in a much more liberal sense. Debtors should not find it too difficult to obtain a loan carrying so IMF Seal of Approval which will act as a passport to further commercial funds. This suggests that in effect

the Fund is adopting precisely the role which the Group of Ten, in a pious statement of anti-inflationary virtue, has rejected in advance. It will be the organiser, though by proxy, of a potentially highly inflationary (or alternately highly risky) solution to balance of payments adjustment problems.

This is a sad evasion of the real issues. The fund remains the appropriate forum in which the problems of imbalance can be discussed on a global scale, and it is not difficult to draw up an agenda of genuinely important questions which could be considered. These might well start with the source of global imbalance—dependence on OPEC oil—and how far special facilities could be developed to encourage economy and substitution.

## Constructive

However, investment directed to alleviating the long-term problem would certainly not produce quick solutions, and is hardly likely to be developed on a scale to offset the expected OPEC surpluses. Two further issues therefore appear on the potential agenda: the definition of the balance of payments, and the means of settlement.

Traditionally, Fund adjustment policies have been aimed at rectifying what was known as the "basic" balance of payments—the sum of the current account and flows of long-term private capital. Since the oil shock, there has been a much heavier preoccupation with the current account alone; yet legislative and other steps to attract private capital might provide a much more constructive approach to adjustment. Here the World Bank rather than the Fund would be the appropriate ground-breaker.

Finally, the agenda might include the question of who can least disruptively incur deficits, and how they should be settled. This would add two items which seem deliberately to be excluded at present: aid for the poorest countries, as the French aid minister, M. Monory, has already said and possibly the mobilisation of gold in settlements as an alternative to pyramiding banking claims. There is still time for serious discussions in Washington, but all too little reason to expect them.

# The EEC's duty to Australia

MR. DOUG ANTHONY, Australian Minister of Trade, roared into Brussels this month like a lion, threatening havoc to Common Market exports to his country. He left for home almost like a lamb, promising that nothing untoward would happen provided the Ministerial Council of the EEC behaves itself. Cast not a clout till the Council is out.

What Mr. Anthony wants is an assurance that the sheepskin policy which the Common Market is about to introduce, and which is on the Ministerial Council's agenda today, will not cause too much hurt to his farmers. The word "his" is used advisedly. Mr. Anthony is head of the Country Party, which represents farming interests.

## Infernal machine

Australian sales of mutton and lamb in the EEC are only a relatively minor matter in this context. What matters much more are sales in third countries once the infernal machine of another market order has done its work in a few years' time. With a market order calculated to encourage production and to limit consumption by driving up the price, the EEC could soon cease to be a net importer of sheepmeat.

Mr. Anthony was right to point to the danger that, as has happened in the case of so many other products, EEC lamb and mutton with the help of subsidies will compete severely with Australian and New Zealand farmers in the growing markets of the Middle East. The much talked of reform of the Common Agricultural Policy could, of course, provide some relief not only to them, but also to European taxpayers. But that is very much a case where seelie will be believing.

Of course, the CAP has become everyone's favourite whipping boy, but Mr. Anthony's protestations in Brussels also raise some fundamental questions about his own country. They received an airing when Mr. Lee Kuan Yew, the Singapore Prime Minister, gave his Australian opposite number, Mr. Malcolm Fraser, a much publicised lecture about protectionism. Australia, so said Mr. Lee, was "more restrictive, more conservative, and more backward-looking than the meanest of Europeans."

Mr. Lee and Mr. Gundelach have a point. The Australian Government has overridden the advice of its own Treasury to abolish quotas and reduce tariffs on textiles, clothing and footwear. Not only Australia's newly industrialised neighbours, especially among the ASEAN nations, are the sufferers; so is New Zealand. But the Australian Government was able to retort that imports of these goods have a large market share already in Australia.

The Treasury's reasoning for allowing it to increase is that Australia is about to enter a long term export boom based on its minerals and sources of energy. Developing these resources will require foreign investment. The consequent imports of capital would tend to drive up the Australian dollar, unless counteracted by imports of manufactures.

Behind the few thousand tonnes of sheepmeat which Mr. Anthony haggled about in Brussels one can therefore discern the question of Australia's position in the world. Inevitably, the EEC has all but closed Australia's and New Zealand's historic European outlet for many foods. That, on the whole, has been accepted with good grace. But these countries, like the European taxpayer, have a strong case against the subsidised running up of surpluses which are then dumped on the world market.

## Resources boom

Australia has accepted the logic of its increasing integration into the Pacific region and its adjoining regions, not only in trade terms but also, for instance, by increased defence spending and co-operation in military matters with its neighbours and the U.S. The growing wealth of the Middle East (hoping for the best in Iraq and Iran) and of the newly industrialised countries can provide outlets for Australian farmers, and sources of imports to keep down the cost of living in a resources boom.

Japan, too, ought to be a promising outlet, though its record of agricultural protectionism is no better than that of the Nine. None of all that, however, should serve as an excuse for the Council of Ministers to overrule the undertakings which Mr. Anthony was given by the Commission.



Sig. Enrico Berlinguer (left), Communist Party leader: hour of triumph; Sig. Francesco Cossiga, outgoing Prime Minister: political assassination; Socialist Party secretary, Sig. Bettino Craxi: biggest loser; President Sandro Pertini: embarrassing haste; Sig. Carlo Ciampi (right), governor of the Bank of Italy: at the economic tiller.

# The politicians fail Italy again

RUPERT CORNWELL in Rome charts the downfall of Sig. Cossiga's Government and assesses what this will mean to Italy's hopes for a coherent economic strategy.

and it is academic to muse over the lady Christian Democrat delayed in the powder room, or the Foreign Ministry under-secretary held up on his way back from China.

A political assassination which obeyed no other law than respect of the shifting mood within the Christian Democrat and Socialist parties had been carried out. The laws of politics are such everywhere and it is no use to attack Italy's politicians for their irresponsibility and lack of concern for the country's best interests. In Italy it has scarcely ever been otherwise.

Italians at large in any case are indifferent to them. In recent years the political stalemate at the centre has grown

## Life of governments grow shorter

worse. Crises have become harder and harder to solve as the formulas run out, and the life of government grows steadily shorter. The past four have lasted an average of barely six months, against a post-war life expectancy of almost 11.

But the country has up to a point solved the problem by reducing steadily the influence of government to the point where, for better or worse, life goes on the same with or without one. Indeed a caretaker administration without the need to look over its shoulder every hour to see what the party bosses who really run matters are doing, can often be more effective than one theoretically underpinned by a majority. Just how theoretical it can be was demonstrated on Saturday.

But this time, of course, the damage is greater than usual. Quite apart from its repercussions on the economy and the lira, the crisis has been provoked at a moment when two nations which between them supply a quarter of Italy's oil are at each other's throats in the Gulf. As a result of Sig. Cossiga's downfall, President Pertini was forced to cancel an embarrassing visit to King Hussein, of Jordan which might well have proved of

importance for the country's interests in the Middle East.

The one consolation is that the parliamentary debacle has led Fiat, the troubled car manufacturer, to postpone plans for 14,500 redundancies, and thus has lessened the highest danger of all: that a "hot autumn" on the labour front might take place at a moment of political and economic paralysis. But even that is not quite certain.

The union leadership in Rome has called a truce and put off a four-hour general strike set for Thursday. But yesterday strikes and shopfloor protest were still rife in Fiat's home city of Turin—this time over the company's alternative plans to put 24,000 men on State subsidised lay-off, as a temporary measure until wider agreement is reached.

In this confusing and depressed landscape, one fact shines out, illuminated by the events of the past months. Simply, it is that no Italian Government can govern for long if the Communist Party (PCI) is set square against it. The crisis is the culmination of a process which began with last February's congress of the long-ruling Christian Democrats. Like all Italian political crises, it reflects as much relations within parties, as relations between them.

Pro mthet congress emerged a new leadership less sympathetic to the Communists than its predecessors, and explicitly against the long-standing PCI demand for participation in Government. The drop in Communist support at the 1979 general election seemed to play

## Less sympathetic to the Communists

into its hands. At the same time Sig. Bettino Craxi, the staunchly anti-PCI secretary of the Socialist Party, consolidated his own position. The two parties which thus must, in one way or another, co-operate if any likely government is to have a numerical majority in Parliament were led by factions unconcerned about reaching an accommodation with the PCI of

the type between 1976-79, when the Communists actually returned to the Government majority after 31 years' absence.

Instead Christian Democrats, Socialists and Republicans formed a coalition which could stand on its own right. For the first time in six years the Socialists rejoined a Cabinet. Sig. Craxi's aim was to cement his party's role in the centre of Italian politics, drive the Christian Democrats and Communists towards the extremes, and reap the dividends. The ultimate prize was to have been a Socialist as Prime Minister.

Unsurprisingly, for the Communists such a scenario would have been a disaster. It carried the risk that they might lose much of their undisputed sway over the Left, and that their importance as unchallenged representatives of working class interests could be reduced if the union leaders could be tempted into working with the new government. Hence their unremitting opposition to the second government of Sig. Cossiga.

The PCI attacked on every available front: the Cossiga/Donat Cattin affair where the Prime Minister was alleged to have tipped off a party colleague that his son was a terrorist; the economic package which foundered this weekend, the Bologna station bombing (held to be an example of the Government's sinister failure to do anything about Right-wing terrorism) and most lately the Fiat affair.

Indeed the sweetest moment, perhaps, of all in the present bout of triumph of Sig. Enrico Berlinguer, the Communist leader, came the day after a pretty bloodcurdling speech in Turin's Piazza San Carlo in which he warned that the Communists would back any takeover of plants decided by Fiat's workers. After the Government had fallen, the company took the chance of giving way gracefully.

But of course the parliamentary victory, hailed the morning after as a blessing for the country, by UNITA, the PCI newspaper, could not have been achieved by the Communists alone. The key lay, as always, with the dissident minorities of Christian Democrats and Socialists which felt that the lines of their respective party leadership were wrong—and this time perhaps by other Christian Democrats, alarmed at the extent of Sig. Craxi's ambitions.

In political terms the Socialist secretary is the biggest

loser of all. He leant too hard on the fragile balance between parties and their factions, and it gave way. The Socialist Party congress this December was to have been a Roman triumph in Milan for Sig. Craxi. It could now degenerate into another dust-up between his supporters, and the rebellious left-wing, much more inclined to think in terms of a popular front with the Communists. The other loser of course is the real Italy and the real economy, out beyond the mirror world of the Palazzo.

It may well be that the lira in the short term will be safe thanks to the bank-rate increase and the measures against speculation. But the price is terribly high. The economic package, of which a Cabinet meeting last night was to try to salvage the essentials, was not perfect. But it did represent a coherent strategy which would naturally dovetail with a medium-term programme to tackle the structural defects of the economy, on whose identity everyone, from Christian Democrats to Communists, from management to trades unions, are agreed.

The whole thrust of the package, however, was to shift resources from internal consumption into industry, investments and exports. A credit squeeze, which during the troubled economic decade of the 1970s has been virtually the only weapon used by the

## Fiat gave way gracefully

authorities against economic crises, will have almost exactly the opposite effect. Industry already burdened by high financial charges, will suffer still further: funds for investment will become yet more expensive, while even the safety valve of devaluation, as an aid to competitiveness abroad, has been closed, at least for the time being.

In terms of economic output, it will be a bodyblow. Although economic growth in 1980 is expected to be 4 per cent, the recession is now reaching Italy: inflation should drop next year from the 19 per cent predicted for this, but probably too late to ward off the devaluation (or at least change in the lira's central rate in the European Monetary System) that most people expect.

But the immediate economic outlook is only part of the story. In the medium term, it is

becoming more urgent than ever that Italy tackle the fundamental ills of its economic structure if its hard won and deserved position as a major industrial power is to be preserved. The litany is familiar: an excessive public sector borrowing requirement, an inefficient public administration, low productivity and over-rigid industrial relations, as well as the inflationary system of wage indexation, the so-called *Scala Mobile*, doggedly defended by the unions.

That battle now is being fought in the car plants of Turin: but it is not one that can, or should, be left to management and unions alone.

## No change without a consensus

especially at a company as heavy with symbolism as Fiat. Nothing can be changed without a consensus at the centre, and it is one that must necessarily embrace the Communist Party as well. The last Government came unstuck because this consensus did not exist. The next one will have to achieve one. It is possible that no compromise will be reached, and that yet another round of general elections (probably again settling nothing) would be held. President Pertini could send Sig. Cossiga back to the chamber, backed by Saturday's unavailing vote of confidence. A new administration might include the Social Democrats and/or Liberals, or might take the form of a *Monocolore* Christian Democrat Cabinet. But there are drawbacks to these and every other permutation.

All that is sure is that this time the Communists are not seeking to enter Government directly. International circumstances, in any case, would effectively rule it out. Having successfully flexed their muscles and brought down Sig. Cossiga, they have left it very clear that his successor has every chance of a more benign opposition, if the terms are right.

But the Communist question will not go away. The issue of Communists in government, barring an electoral earthquake of which there is no sign, will remain the country's underlying dilemma. Its solution will move over the clearest sign that Italy's first republic has conquered its greatest shortcoming: the lack of a political class worthy of its economic rank and its West European role.

# MEN AND MATTERS

## Facing up to high-rise life

I am now beginning to understand more clearly why the Confederation of British Industry came out so forcefully with its recent demand that over-spending councils should not be allowed to cover cuts in Government grants by increasing the rates.

Should Michael Heseltine disregard its pleadings, the CBI itself faces a monumental increase in the charges levied on its swanky new home in Centre Point. Falling just inside the boundaries of Camden, the highest-rated borough in the land, Harry Hyams' high-rise memorial to the architecture of the 60s currently costs the confederation some £540,000 in rates for a full year. Now the north London borough is buzzing with hair-raising and well-founded rumours of a supplementary levy coming up this year, with worse to come in 1981.

Never particularly well off, the CBI has dug deep recently to finance its move from Trenchard Street. Now, I hear, it could face a bill for £25,000 in supplementary rates this year to help Camden clear its £5m shortfall, and at a meeting in 10 days' time the authority will decide on its plans for alleviating the effects of the Heseltine axe. Betting at the moment favours a 39 per cent rise in the domestic rate and a 38 per cent hike for commercial residents of the area where amenities range from super-select to downright seedy.

Net effect on the CBI would be a rise of around £180,000 to be financed out of subscriptions. Since these are calculated on a complex formula involving members' UK turnover and wage bills, and since the recession is expected to bite even harder in 1981, the confederation could well find itself somewhat embarrassed.



gross, also falls within the boundaries of big-spending Camden.

## Widget king

Kon Whiston is all things to all men in the world of widgets, flanges, nuts, bolts and self-tapping screws. No company is too mighty, no hobbyist too humble. All are welcome at his depot at New Mills, near Stockport, where he maintains a huge stock of what he calls "engineering haberdashery."

At 67, however, after 30 years supplying the specialised needs of customers ranging from Shell and Mullard down to model train makers, he is thinking (not for the first time) of selling up. The difficulty, it seems, is that while his stock and buildings can be assessed easily enough, no one can put a value on the goodwill he has built up with his 16,000 regular customers. "I can't put a price on it," he tells me. "I've had more out of it than money can buy."

own from the Yellow Pages and sends out 150,000 catalogues a year. Advertising is strictly limited to a couple of lines in Model Engineer and Exchange and Mart, and yet his 30 staff work overtime continuously as they have since he began.

"I run this place on old-fashioned lines," he says. "I like to keep the customers satisfied. And if there is ever anyone who isn't, my word, he will be when I've finished with him."

## Gold lead

Those oh-so-secretive gnomes have retitled the international bullion market by starting to divulge highly-prized statistics on the amounts of gold entering and leaving the key Zurich market. Britain, meanwhile, is steadfastly keeping the profits guessing and refuses to lift its three-year-old ban on information about shipments to London from South Africa, the Soviet Union and other major gold producers.

Zurich is normally the main channel by which Russia sells gold to the West—it even maintains its own bank near the Bahnhofstrasse especially for the purpose. Russia has yet to react, but some bullion dealers fear that Moscow's desire for a low profile could prompt the Soviet Union to divert its dealing through other centres.

The Swiss Bankers' Association has already complained that the imposition of a 5.6 per cent sales tax on gold deals at the start of the year has driven away business. The Swiss customs authorities now issue a full country-by-country breakdown of gold imports and exports. But, at the behest of the Bank of England, the UK Customs and Excise has produced no detailed figures on British gold imports since 1977. Even before that, the statistics were carefully fudged, mainly, gold bugs believe, to accord with the wishes of Moscow and other big gold suppliers. Now that the Swiss figures are available—

and Russian gold at least has not been sold through London for some time—there seems less reason for the secrecy.

## Blackpool shock

The rouge engineering worker whose single vote seems to have put paid to the Right's chances of real gains on the Labour Party's national executive committee this year, stepped forward yesterday to explain himself.

Dorset man Douglas Knott, 64 and jobless, upset all the plans so carefully laid by the Callaghan camp by voting with the Left at a meeting of the AUEW engineering delegation on Sunday, before the party conference began. His "aye" was enough to ensure that the union would continue to support Left-wingers on the NEC in the ballot being conducted last night.

Admitting only to being a proud member of "Great Britain," he was described by one AUEW executive man as "more Right-wing than we are," while a Left-wing official dubbed him "a progressive socialist." It was left to cynics on the spot to surmise that the way leftists had danced attendance on Knott during the past few days indicated that the Dorset delegate had been "nobbled."

His vote certainly surprised general secretary Sir John Boyd, who admitted dismally that he had told Knott how to vote and that he had waved his arms about at this meeting to make it easier for him.

## Another try

From a Shropshire council meeting report: "The chairman said that because there were no cases of drunkenness after the 1979 rugby duh dinner, when the bar closed at midnight, the council would support the club's application for drinks to be served until 2 am at this year's dinner."



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## FINANCIAL TIMES SURVEY

Tuesday, September 30 1980

## NIGERIA

TWENTY YEARS OF INDEPENDENCE

## PART TWO PART ONE APPEARED YESTERDAY

"Nigerians have always considered military rule an aberration and they have returned to politics with an enthusiasm and exuberance uniquely Nigerian." — BRIDGET BLOOM, Africa Editor, sets the political scene.



THE GREY-HAIRED civil servant leaned across the desk and wagged his finger knowingly. "Nigeria will stagger from crisis to crisis," he said. "You just mark my words." Then he added: "In the end it will pull through."

The end is not yet nigh: this week Nigeria celebrates only the 20th anniversary of its independence. But the civil servant, who was virtually the last British permanent secretary to leave the country, was speaking in early 1962. Events since then have proved him no mean judge. Twenty years on, against all the odds and many a European

prejudice, the Nigerian federation seems to be working. No one knows for sure how many Nigerians there are; no one knows how many languages they speak, nor how many nations, tribes or clans they divide themselves into. But Nigeria is the giant of Africa: by consensus some 70m to 100m people live within its borders.

And in the last 20 years, since the country gained independence from Britain, Nigeria has survived three-and-a-half military coups, two-and-a-half years of bitter secessionist civil war, 14 years of military rule — and a series of elections

which last year returned the Government to civilian hands. Nigeria today, however, infuriating or imperfect some Europeans or Nigerians find it, and despite enormous problems, is a going concern. Not so much — though it is not always their fault — can be said of many other developing countries.

How has it been done? Yesterday Part 1 of this special survey highlighted oil as the main engine of Nigeria's economic growth. It is indeed frightening to think what might have happened had Nigeria not found, in the late 1960's, that

its income was quadrupling every year, and more, from the oil exploited on and around its southern shores.

But if oil has brought profound changes in the country's economic fortunes, no less remarkable has been the internal political revolution which has taken place in response to the crises of the last 20 years. Nigeria came to independence on October 1, 1960 with a constitution worked out at one of those interminable London colonial conferences. It was designed to give the country's three huge but mutually antagonistic ethnic groups breathing space and freedom, but within the borders of a single country: it was overthrown by the army in little more than five years.

Nigerians have long since disputed whether it was the constitution or the politicians who were chiefly to blame for the downfall of the first republic. No doubt both were. The errors were costly, leading not just to military rule but, as one of the ethnic groups attempted to free itself from the rest, to the Biafran secessionist war.

Ironically, however, it was that war which provoked the military to take action of profound significance for Nigeria: it dissolved the former three-region federation and put a federation composed of first twelve, and then in 1975, of 19 states in its place.

The creation of these states meant that the three ethnic

groups, whose rivalry had been so destructive in the past, were no longer the all-important basis of political organisation. Gradually, over the past decade, the Yoruba, Ibo, and Hausa-Fulani monoliths have been breaking up — as dramatically attested in the results of the elections last year. These are examined in more detail in articles overleaf.

Another theme also examined in some detail concerns relations between the federal Government in Lagos, and the 19 state governments. If the civil war, and the defeat of the eastern region as Biafra at the end of it, condemned Nigerians to live within common borders, what system they should live under has been the subject of immense study.

In the Constituent Assembly, convened by the military in 1977, no one seriously suggested that Nigeria should be anything other than a federation.

But the majority, perhaps endorsing the view that you can do something about the system even if you can't change the people — chose to reject the Westminster model inherited from Britain in favour of an American-inspired Presidential constitution.

The executive is strictly separated from the legislature across the 19 states; in the centre, President Shagari's relationship to the new Senate and House of Representatives would feel very familiar to Jimmy Carter. The

independent judiciary is already being well tried as arbiter between the two and interpreter of the constitution.

As you journey around Nigeria, all this represents far more than the mere trappings of constitutional government. Nigerians have always considered military rule an aberration and they have returned to politics with an enthusiasm and exuberance uniquely Nigerian.

A year of course is much too short a time to tell whether the second republic has found a better and more lasting framework for political stability than the first.

The first year began with the remarkable achievement of the soldiers' return to barracks; it has witnessed a growth in general confidence that they might stay there. But it has thrown up problems, too: the relationship between the 19 state governors and the elected Assemblies is often far from easy. In the centre, too, the National Assembly is flexing its muscles and, some Nigerians believe, trying to usurp executive power. The keynote of President Shagari's first year in office has been caution and moderation: some believe he will need to be much tougher if he is to play his part in keeping the constitution working.

But it is not only in terms of its political system that Nigeria has changed in the past 20 years. There has been a social revolution, too. In the north, for example, when independence came, the huge tradi-

In its 20 years of independence, Nigeria has moved from the civilian leadership of Prime Minister Sir Abubakar Tafawa Balewa (top), through 14 years of military rule under (left to right): General Irons (1966), General Gowon (1966-75), General Mohammed (1975), and General Olusegun (1976-79). President Shagari was elected a year ago.

tional emirates held sway, each with their police and courts. Now these have gone, as has the social premium once placed on birth. Women are being brought into society, and education is gradually being made available to all.

In the South, education has been more widely available longer, but as loyalties centre more on the states and less on the huge ethnic-based region, confidence and loyalty in the concept of a greater Nigeria is, almost paradoxically, being fostered.

Crises have provoked rapid change and with that change have come contradictions. There is immense administrative inefficiency and corruption to set against the careful planning and execution of the return to civilian rule. There are often appallingly low standards of teaching to set off the huge rise in educational opportunities. There is, above all, the immense and seemingly growing gap between rich and poor to put against the country's ideals of equal opportunity for all.

These contradictions alone seem certain to ensure crises: enough for Nigeria's third decade.

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## Under new management

President Shehu Shagari took office as President of Nigeria on October 1 last year and immediately ran into problems with the National Assembly, whose powers, under the new American-style constitution, are strictly separated from those of the executive. Though his own party, the National Party of Nigeria, has the largest number of seats, and though the NPN then concluded a broad political agreement with the Nigerian People's Party, it took the Senate and the House of Representatives two months to approve the President's Cabinet and more than three months to pass the budget. This tension between executive and legislature has been a notable feature of Nigeria's first year of civilian rule, in the centre and 19 states alike. It is the first of several themes of the past year in Nigerian politics which is examined by BRIDGET BLOOM on this and the next six pages.

ASK ANYONE in the Lagos or state parliaments how the first year of civilian rule has gone, and he will preface his remarks by declaring that "the Presidential system is very new, and we're all learning...". It is remarkable how few people, either at the centre or in the states, have direct experience of parliamentary government of any sort. Journeying round the state assemblies, you meet some men (very few women were elected) who sat in the constituent assembly which drew up the constitution, but the man with experience of one of the regional parliaments 15 years ago is a real rarity.

One is struck by how completely the state governments are, as one local journalist put it, under new management—whether the new men are retired teachers, businessmen and traders who prospered in the civil war, or drivers, bakers, mechanics and sometimes illiterate farmers. While dozens of assemblies, as they are being called, have tried to make up for their lack of experience with tours to the U.S. and Britain, the majority of those operating the new constitution still seem unsure of their roles. And despite the fact that very few had direct experience of the Westminster parliamentary model, the most confusing aspect of the new order is undoubtedly the strict separation of powers between legislature, executive and judiciary.

A tussle has developed, in many of the states and in Lagos, between the executive and legislative branches of government. Many Nigerians believe this could lead to major problems in the future; specific conflicts are analysed in the articles in this section on Kaduna and Oyo states (Page XXXIII).

In Oyo, where the Governor and Assembly are from the same party, the resultant tension can probably, as the Governor maintains, be creative. In Kaduna, where the Governor does not control the majority in the assembly, there is complete stalemate, with the legislators openly threatening to impeach the executive.

In Lagos, the conflict has been evident over the appointment of the federal Cabinet and over the budget. Now, however, it centres on the National Assembly's attempt to produce the first amendment to the constitution.

The Assembly wants to abolish the National Economic Council. As it stands now the Governors of the 19 states, under the chairmanship of the vice-president, meet to advise the President on "the economic planning efforts or economic programmes of the federation." Views vary as to why the legislature is pressing ahead with the amendment—which would replace the NEC with "a body of experts better qualified to advise the President."

It is certainly true that the NEC decided that the salaries which the legislators intended to pay themselves should be lowered. Members in Lagos and

The National Concord, the Western-based newspaper which supports the NPN, and like the NPN leadership, opposes the amendment, has no doubt that the salary issue is the main reason for the amendment.

Not only the timing but also the antecedents of the present proposal to amend the constitution lead to the unfortunate conclusion that the nation's law makers are a collection of self-centred Nigerians whose major preoccupation is the acquisition of maximum comforts and remuneration for themselves," it declared in an editorial earlier this month.

However, Joseph Wayas, President of the Senate and, it seems, a prime mover of the amendment, says the question of principle is paramount. The Governors, he believes, have turned the NEC into a "forum for planning political vendettas." He maintains they are trying to exceed their powers, as did the military governors in the days of General Gowon. It is widely believed that Gowon was overthrown in 1975 because he failed to discipline the governors, allegedly grown dictators in the fastnesses of their states.

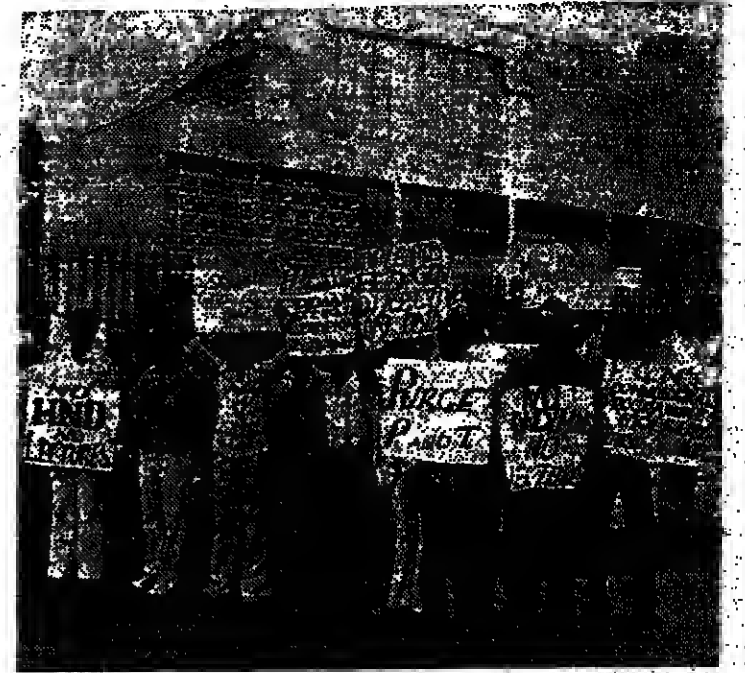
"The Governors are trying to use the NEC to increase their

power. They must not be allowed to do so," Wayas says.

He adds that Nigeria's problems in the past would have been greatly lessened if power had been shared, as it should be under the present constitution. Whatever the rights and wrongs of the amendment—and the NPN and UPN leadership both oppose it—it has already passed through its initial stages in the National Assembly and is now making steady progress through the State legislatures.

Many Nigerians believe that the whole amendment issue exposes both the irresponsibility of the legislature and the weakness of executive leadership at the centre, which has failed to give the National Assembly the necessary lead in this first critical year.

There are fears, too, that the judiciary could rapidly become overstretched as it endeavours to cope with the heavy demands put on it as "arbiter" of the constitution. Some believe that the constitution endows Nigeria with too many courts for the available manpower—there is a High Court in each state, with a federal court of appeal and the Supreme Court, while the states also have revenue courts. Five of the 15 Supreme Court



Politics are back: Nigerian students lobby the National Assembly in Lagos

HOW MANY Nigerians are there? No one knows, and quite possibly no one ever will. For no accurate and acceptable census has been held in Nigeria since independence 20 years ago: current estimates are based on the 1963 count, to whose total of 55.7m people has been added an annual estimated increase of some 2.5 per cent. Thus it is said that there are about 80m Nigerians.

However, this is sometimes topped up to 100m—for the election in 1975, 49m Nigerians over the age of 18 were registered and it has always been assumed that around half the country's population, as in many other developing states, were under 18.

The obstacle to an accurate census has always been political: power and the division of the country's wealth has historically been based on population, which gave plenty of opportunity for actual or supposed rigging of census results. In the old federation of three huge regions, the north, which the British run, a census of 1952-3 had found to have more people, dominated the south in the federal parliament and elsewhere.

The monolithic Northern People's Congress refused in 1962 to allow publication of the results of the first Nigerian-administered count: it was widely believed that the two southern regions had rigged the figures to redress the imbalance.

The second census was held a year later, and showed 29m in the north, against 25m in the southern regions. Those regions accepted the figures with ill grace, accusing the north of rigging, but it is these which form the basis of all current population estimates.

It had been hoped that the combination of the creation of 12 states, which was intended to defuse north-south tensions, together with the existence of a military administration in Lagos would produce an acceptable census in 1974. But that count showed that the six northern states together had a population of more than 50m, against some 20m for the six southern states. These results too were abandoned.

Now the Shagari administration has taken its first highly-cautious steps towards a new count. In May, the Council of State, comprising the President, the 19 Governors, former heads of state, key legal officers and traditional rulers, agreed to establish a census panel. This will consist of four men of "undoubted integrity, loyalty and character," from each of the 19 states. No date, however, was set either for the appointment of the panel or a new census.

Meanwhile, revenue continues to be divided partly on the basis of population: a new system of revenue allocation is to be debated in the coming parliamentary session, which provides that 40 per cent of all the money going to the states should be allocated according to the number of people each state has.

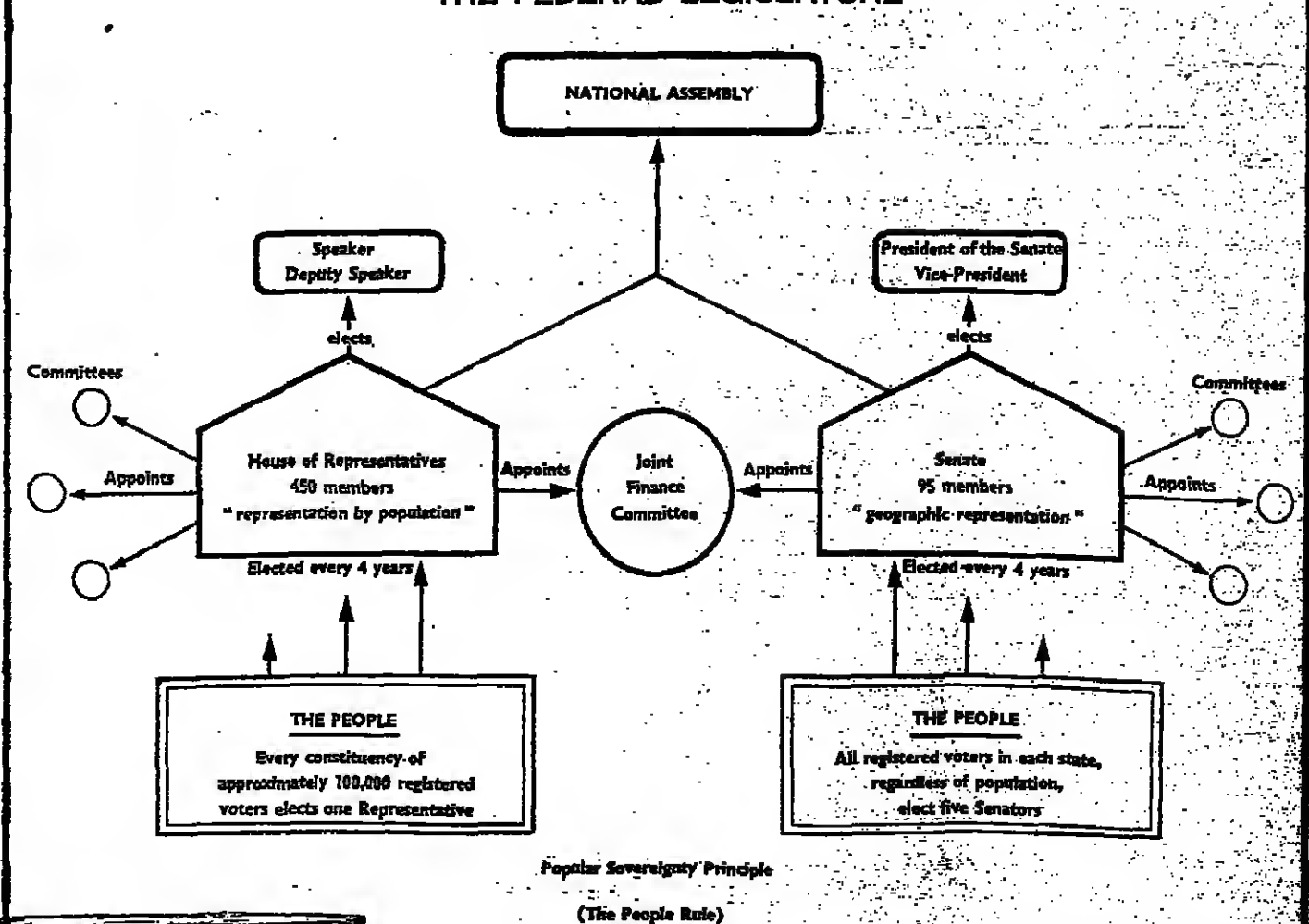
Opposing this, Professor Adedotun Phillips, a member of the recent Okigbo revenue allocation commission, declared in a minority report that if population continued to be used as a basis on which to divide revenue, "no matter how small the weight attached to it, Nigeria will never in the future be able to conduct a reliable and acceptable population census."

But the main worry is that the courts themselves will become politicised. "Every politician is using the courts to challenge the validity of executive action. I'm sure this is wrong," one prominent lawyer said. His alarm was echoed by Chief Rotimi Williams, one of the main architects of the constitution and one of Nigeria's most eminent lawyers.

"The judiciary has been invited to intervene too early and is thus encroaching on the powers of the other arms of the state," Chief Rotimi said. He cited the example of recent appointments made by the President, which were immediately challenged in the courts, where they were declared unconstitutional. "The courts should really have refused to take these cases. Only when the actions of a presidential appointee affect a citizen should the appointment be challenged," he said.

Against this background, as well as against the performance of the other branches of Government in this first year, it is argued that the current tensions between the executive and the legislature are not necessarily conducive to good Government.

### THE FEDERAL LEGISLATURE



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## NIGERIA XXVII

## POLITICS

## States defuse ethnic tensions

ANOTHER MAJOR theme thrown up by the first year's experience of civilian rule centres on the relations between the central Government in Lagos and the governments in the 19 states.

The most fundamental problem in Nigerian politics stems from the rivalry of the country's three great ethnic groups or nations. The designation "tribe" common but disliked by Nigerians, is an inaccurate description for the Ibo, Yoruba and Hausa-Fulani, each of whom probably number more than 15m people—more than the total population of most member states in the UN.

These huge nations have vied for political power since Nigeria became self-governing, and the host of smaller groups—some maintain there are more than 300—have historically feared or been allied with them—but have never been able to be indifferent to them.

If there was an overwhelming reason why the first republic collapsed to the army in 1966, it was that the federation of three big regions proved incapable of containing the rivalry of these nations. In the first republic, which lasted from independence until the military coup of early January 1966, an alliance between the monolithic Northern People's Congress (NPC) and the Ibo-run National Council of Nigerian Citizens (NCNC) was deeply resented in the Yoruba West.

## Corruption

The NPC's failure to deal with western discontent—exacerbated by Yoruba divisions, and by blatant election rigging and widespread corruption—led directly to the army's intervention.

Rivalry for control of Nigeria did not end when the military took over. The soldiers proved no more immune than the politicians to ethnic bias. General Ironsi, an Ibo and the first military Head of State, was widely believed by northern officers, and by the northern

THE KEY issue of the division of powers between the federal Government and the 19 state governments and the local government authorities occupies a dozen pages in the 120-page 1979 constitution.

The federal Government is given certain legislative powers exclusively while others, detailed as concurrent, may be exercised by either the federal or the state governments. Local governments are given a constitutional right to exercise certain "functions." Some of the main powers exercised under this three-tier system are:

**Federal government (exclusive):** Defence, immigration, extradition, external affairs; financial powers including banking, bills of exchange, currency, taxation of incomes, profits and capital gains, except for personal income tax in the states, public debt, customs and excise; powers to regulate trade, including export of commodities, patents and labour, including trade unions, industrial relations and disputes and "prescribing a national minimum wage for the federation and any part thereof."

**Other major powers include:** police, prisons, census, control of political parties, railways, post and telecommunications and aviation.

**Concurrent list:**

Though laws of the National Assembly.

in case of conflict, are thought to prevail powers which the states may exercise include: allocation of revenue (particularly grants to local governments); collection of taxes (including rate fixing); electoral laws for local government (provided these are not inconsistent with federal laws) electric power; industrial, commercial or agricultural development.

The states are additionally given considerable power over education: they and the federal Government have power to make laws on "university, post primary, technological and professional education." Primary education, however, is listed as the responsibility of the state and the local government councils.

**Local Government Councils:**

One of their major functions is "participation in the government of a state... as respects... the provision and maintenance of primary education, the development of agriculture and natural resources other than minerals and the provision and maintenance of health services."

Other functions range from construction and maintenance of roads, registration of births and deaths and collection of rates, radio and TV licences to control of the "movement and keeping of pets of all descriptions."

civilian establishment which backed them, of wanting to impose Ibo rule on Nigeria.

When Ironsi was overthrown in July 1966, it was by northern officers. The prime motive behind the secession of the Ibo-run East a year later was fear of continued domination by the North.

Nigerians seem much less sensitive now than they were 15 years ago about acknowledging the ethnic basis of their politics. Most thinking Nigerians will now readily accept that the major linguistic and cultural and, to a lesser extent, religious differences of the three major groups were a prime cause of past political instability. They acknowledge that the major aim of the break-up of the federation into a greater number of states was aimed at defusing the destructive tensions between the three nations.

The Mid-West had been carved out of the West in 1963, when Nigeria was still ruled by the civilians. General Gowon decreed the creation of 12 states out of those four regions in May 1967, with the immediate aim of winning over the eastern minority peoples from Ibo-dominated Biafra.

Following popular clamour after the war's end, the regime of General Murtala Mohammed in 1975 created five more states, making 19.

## 'Fringe' states

The maps on page XXXVII show the process. If an ethnic map were superimposed, it would reveal that in broad terms the Yoruba "monolith" is now split into four, with two "fringe" states in which minority populations play a key and sometimes dominant role.

For the Hausa Fulani, there are likewise four states, and a "fringe" five or six, and for the Ibo, two fully Ibo states, and two or three "fringe."

When the constitution came to be drawn up by the constituent assembly for the new Nigeria of 19 states, the power relationship between the federal Government and the states, inevitably complex, had also to be drawn anew.

The key question now, after that constitution has been working for a year, is whether it does actually provide a framework capable of successfully containing ethnic tensions. Two major questions will seriously test the constitution in this respect: the creation of more states, and the way revenue is to be allocated within the federation. Both seem certain to be major political issues in the coming months.

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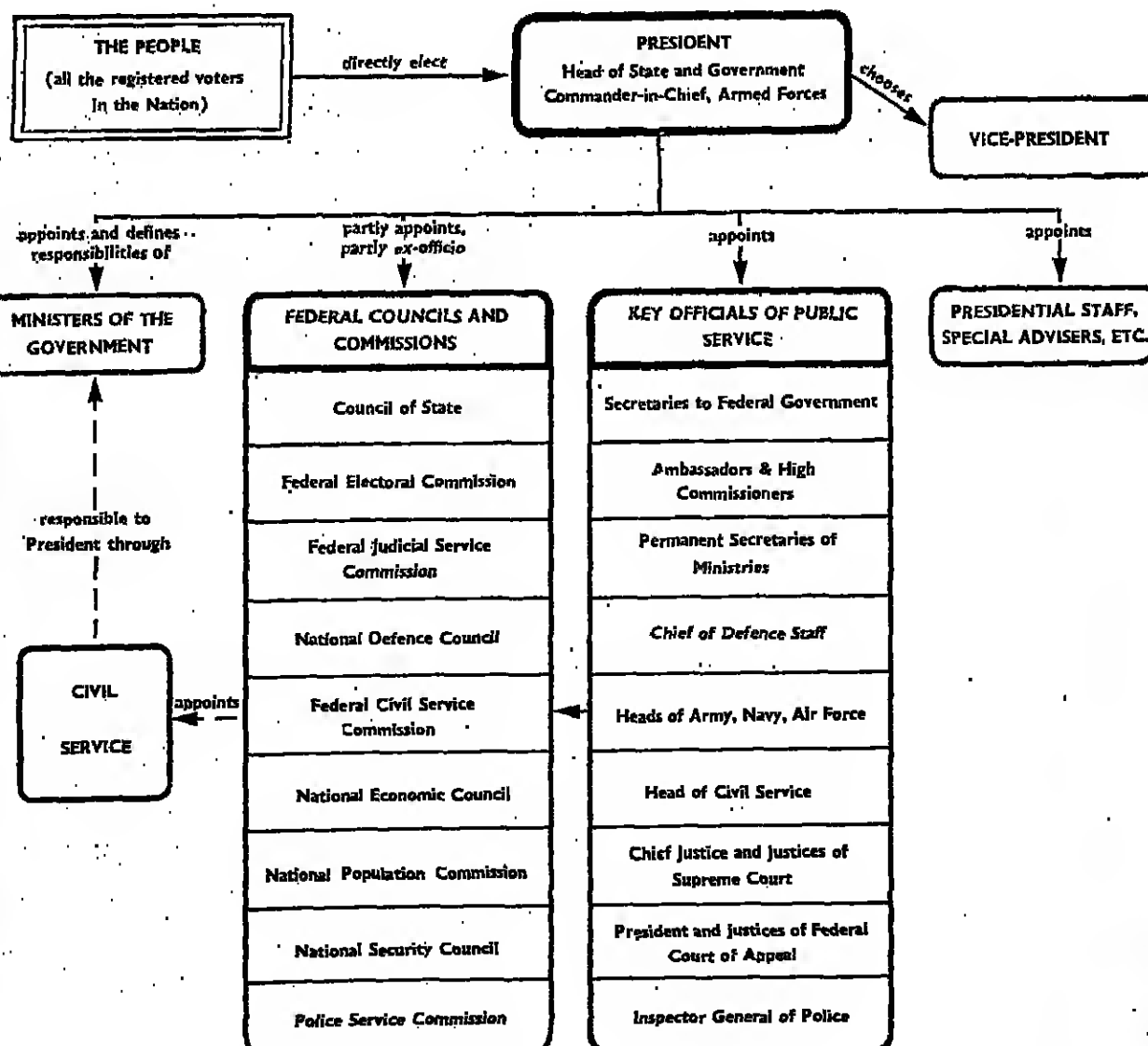
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Source: Nigeria Year Book, 1980

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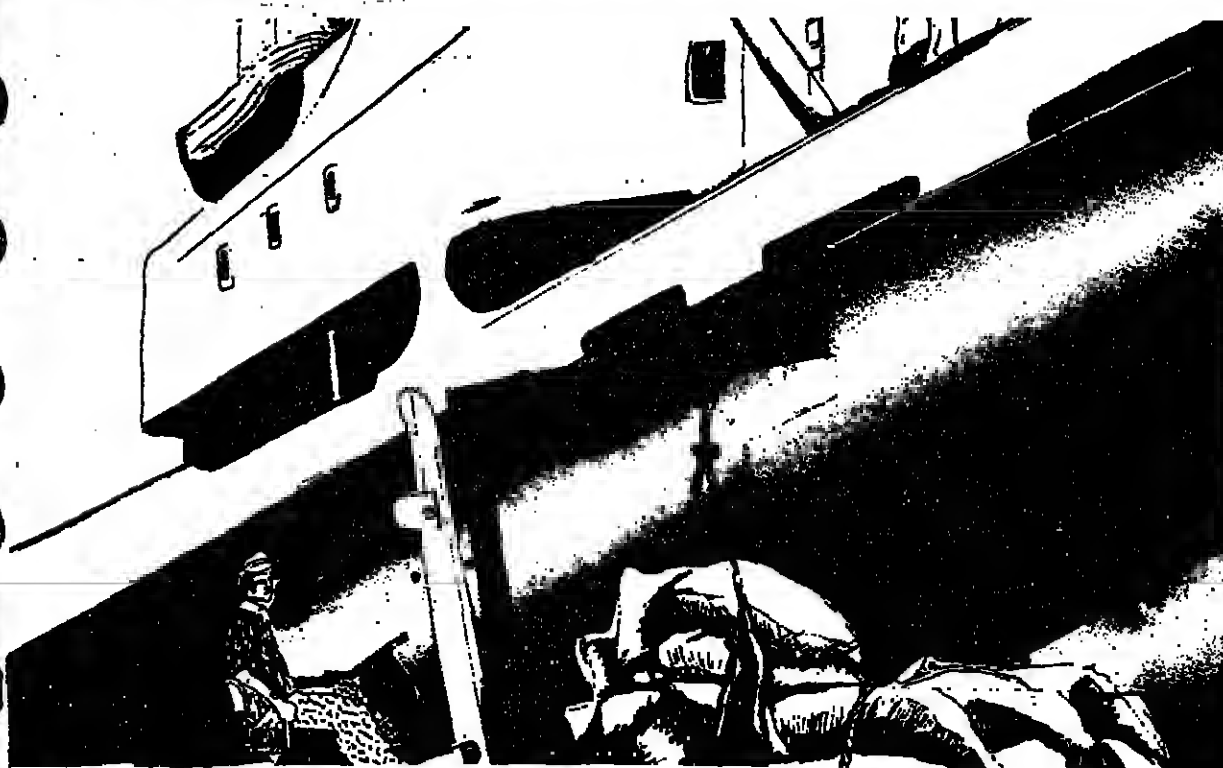
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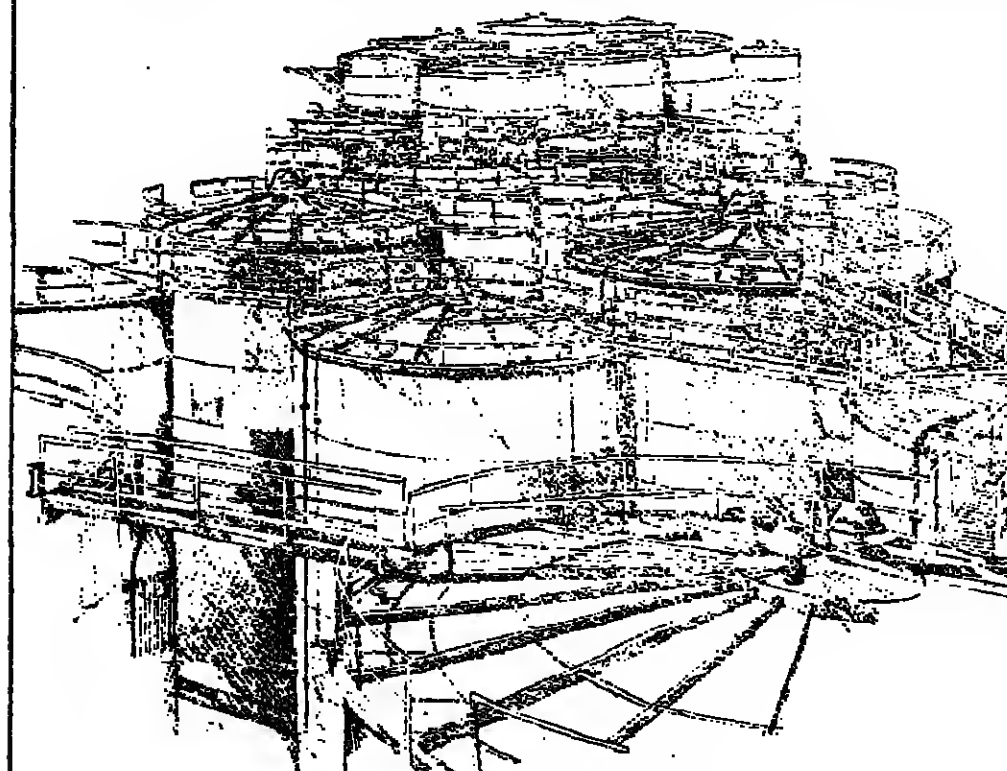
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## NIGERIA XXVIII

## Will Nigeria need a Garibaldi?

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WHEN I first visited Nigeria 18 years ago, an inescapable subject of conversation was the imbalance in development between North and South. In northern Nigeria, a visitor would hear that southerners—whether Ibo or Yoruba or southern minority peoples—were monopolising jobs. In the South, however, the complaint was that the northerners were backward and had no right to use their greater political weight in the federation to get the jobs—or other opportunities—which they did not earn through merit.

Last month, I found myself having a similar conversation. There were far more southerners in the top jobs than there should be; northerners must be allowed their fair share. The arguments were alarmingly similar. Only last month, these conversations took place in Anambra state, which is entirely Ibo.

There can be no doubt that the existence of new states is beginning to break up the great ethnic monoliths. In the 1979 election, old alignments crumbled and new patterns emerged. In the 1960s, despite real hostility (and at times open rebellion in non-Hausa areas), the NPC consistently won an overwhelming majority of the seats in the old northern region.

## Unpredictable

But despite the common assumption that the NPN of President Shagari is the spiritual successor of the NPC (which given the changed political circumstances is only partially true), last year's election showed that voting patterns in the North can no longer be predicted.

THE constitutional requirements for creating more than the present 19 states are, many Nigerians believe, so difficult that the National Assembly is likely to try to amend them. This could be done by a four-fifths majority in the National Assembly and approval by at least two-thirds of the state Houses of Assembly.

Meanwhile, section 8 of the constitution provides that a new state(s) can be created only if:

1—It is requested by two-thirds of the members from the area concerned in each of the Senate, House of Representatives, House of Assembly in an affected state and the local government areas concerned.

2—The proposal for a new state is approved in a referendum "by at least two-thirds majority of the people of the area" concerned. (Much fun is made of this requirement, since it presumably erroneously refers to people and not to adult voters.)

3—The referendum result is approved by a simple majority of all the states in the federation, and a simple majority of members of the Senate and House of Representatives.

4—The proposal itself is then endorsed by resolution of not less than two-thirds of the members of both the Senate and the House of Representatives.

Of the 10 states in what was the Northern Region, only five went to the NPN. Borno, partly because the majority are not Hausa-Fulani but a semi-related (and still Muslim) people, went to the GNPP. So, for similar reasons, though there the spread of minority tribes is greater, did Gongola.

Kano, the business and trading heartland of the Hausa-Fulani and seat of one of the traditionally most powerful Emirs, went to the PRP of Malam Aminu Kano, long an anti-establishment figure, though a Hausa himself. Plateau, with its Tiv majority, went to the NPP—the party led by Ibo leader and Nigeria's first President, Nnamdi Azikiwe. Such a result would have been inconceivable 15 years ago.

In the south, a clear ethnic vote was apparent only in the bloc of four Yoruba states where the UPN was returned with huge majorities (in Lagos it swept the board). But even the UPN vote was only partially ethnic. The party won in Bendel too—once the Mid-West, Bendel is often described as a

mini-Nigeria, so varied are its peoples. The UPN victory in all five Western states probably had as much to do with its greater discipline as a party and to the charismatic leadership of Chief Awolowo, former premier of the western region and chief rival to Shagari for the presidency, as with ethnicity.

## 'Minority' influence

Of equal significance were the results in the so-called "minority" states. The two non-Ibo states carved out of the former eastern region both went to the NPN, while, as noted above, the Tiv-dominated Plateau went to the NPP.

There is a real sense in which the states dominated by minority peoples can now determine the political line-up in the country as a whole. It is arguable that, had the NPN not won in Rivers, Alhaji Shehu Shagari would not now be President. Such "minority" influence, too, was inconceivable 15 years ago.

But if the increasing number of states has begun to break up the ethnic monoliths, will there, or should there be even more? There are insistent demands for new states from all over the country and seasoned politicians now seem to have accepted that new states will be created, despite the enormous problems.

The main questions now are not whether, but when—and how many. "Any politician who comes out against such and such a state has lost that area's support for ever," says an NPN man, who is privately a sceptic.

Many politicians acknowledge the dangers, however. Give this street its own state and soon the even numbers will be demanding separation from the odd ones on the grounds that the odds are lower down the hill and take more than their fair share of water," was the comment of a businessman in Anambra state.

Chief Awolowo, who at a Press conference earlier this month came out more strongly than before in favour of the

creation of states, could still note that one day, if not in his lifetime, Nigeria would have need of a Garibaldi or a Bismarck to reunify the country.

The dangers of proliferation are as evident as is the burden of cost, with each state having its own civil service, a dozen or so Ministers and the panoply of elected parliamentarians. The advantages are said to be a further lessening of ethnic tensions, a probable increase in federal power, and certainly a greatly diminished likelihood of secession by one or a group of states—though many would argue that this, following the end of the Biafran secession in 1970, is no longer a danger. Above all, it is argued that the smaller the unit, the more chance of development at the levels where it really counts.

## Referendum

If more states are to be created, it seems likely that the constitution will have to be amended. As they stand, the provisions relating to the issue are all but prohibitive, requiring not only a referendum in the area concerned but hefty votes in their favour in two-thirds of the states and three-quarters of the National Assembly.

The next immediate stage, however, is likely to be a meeting between senior leaders of all parties, to endeavour to reach consensus on how the issue should be tackled. What- ever is decided—and many still talk of the need to create an equal number of states in North and South—there will inevitably be some very tough bargaining. The outcome of the next elections will depend on the way the divisions go.



Alhaji Yunusa Kaltungo, the National Party of Nigeria majority leader in the House of Representatives, talks to NPN colleagues on the forecourt of the National Assembly

## Mixed feelings over Gowon's legacy

## YOUTH CORPS

EACH MORNING last August a thickset Nigerian, probably on the far side of 40, donned his buff uniform to join his 20-year-old colleagues for morning drill. He is one of 25,000 newly-qualified students doing his Youth Service Corps orientation course throughout Nigeria this year; had he passed out next year, he would have benefited from a federal Bill which will limit the NYSC intake to those of 20 years and under. Now, only pregnant graduates are exempted from the morning parades and the paramilitary exercise of "orientation," though as the Corps chief in Anambra state, Mr. L. D. O. Ezechukwu put it, "nursing mothers sometimes find this part of the course a bit tough."

The Nigerian Youth Service Corps, to give it its full title, was founded eight years ago by the then Head of State, Maj. Gen. Yakubu Gowon. Today, some say that it will prove to be Gowon's most lasting legacy—though the Corps has been roundly slated, particularly by students themselves. Given believed that Nigerian unity would be strengthened if young Nigerians could only work among ordinary people of a different tribe. He also had the military man's concern at the lack of discipline in the increasing number of campuses around the country.

The military Government's decree in 1973 made it compulsory for every Nigerian university graduate—or holder of two slightly lower qualifications—to do a year's national service outside their home area before seeking employment. All graduates, even those educated entirely on private funds, have to serve, while employers taking on someone who has not done so can be fined N5,000 or face three years in prison.

## Allowance

The "corpsers" as they are universally known, are paid an allowance of up to N180 a month (a driver with only primary education often earns more than N200) out of which they are expected to pay for food if not accommodation.

Their postings, once they have finished their five-week orientation course, are expected to be as near as possible to the discipline they studied—thus a new doctor will always practise medicine, though lawyers could find themselves teaching in a school in the deepest bush.

"The majority of corpsers go to schools," Chief Inspector Ezechukwu says. "We have 1,300 corpsers in Anambra state this year and most will go to fill some of the 3,000 vacancies in the state's post primary institutions."

The corpsers themselves have mixed reactions to the scheme. In 1973, students at all major universities demonstrated loud and long against it. "Students dubbed it 'Now Your Suffering Continues' a corps in Anambra said, adding that while he had initially agreed with this judgment, after a few weeks he had revised his opinion. "It is a year of learning, that is really worthwhile," he said.

## Criticisms

Students I talked to in Anambra appeared to enjoy the camaraderie of the five-week orientation course which included learning Ibo, as well as paramilitary (though not weapon) training. But there are criticisms of the poor state of accommodation once a corps leaves the course, held at Nsukka University, while others say too many students get exemptions and stay in their home state—two men I met at Nsukka played for their local hockey team and thus had been allowed to stay.

NYSC officials however point to marriages across the ethnic divides as a result of Corps service, as well as many cases of students who decide to stay and work in their "new" state. But Inspector Ezechukwu believes that the real benefit of NYSC will only be felt in a decade or so, "when all the upper echelons of Nigerian society will have passed through the doors of the Youth Corps service."

"Sitting them in a big office, behind a huge desk, wielding a powerful pen and controlling policy, these people will be in a much better position to see the problems of Nigeria in a wider perspective than the occupiers of the same desks a couple of years past," he said.

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## NIGERIA XXIX

## POLITICS

## Revenue: a delicate balance

The problem of revenue allocation is of even more immediate political significance than the creation of states. It has already cut sharply across party lines and threatens party alliances. Indeed, the division of revenue between the centre and the states is one of the most critical questions facing any federation—and Nigeria is no exception.

NIGERIA HAS had eight revenue allocations commissions since 1946 — the eighth headed by Dr. Pius Okigbo, has just reported. Its findings are controversial for two main reasons. First, they have been bitterly attacked by the oil-producing states of Bendel, Rivers and Cross River. Hitherto, these states have been getting, albeit in diminishing amounts, revenue said to be directly derived from oil: this derivation principle, which Okigbo would abolish completely, is a hangover from the

states would in all probability get little if any more money than they do now, but clearly Lagos hopes that the reintroduction of the derivation principle will mollify the oil states politically.

The balance is delicate for the NPN Government. If Rivers and Cross River switched allegiance in the next election, the NPN could lose the Presidency.

The second reason for controversy centres on the way the total revenue "cake" is to be divided up. All the states, which are to get 30 per cent divided between them, say the federal Government's new allocation (53 per cent under Okigbo, 55 per cent according to the Government) is too much.

The federal Government retorts that it is actually getting less, for it has agreed that an

extra 8 per cent should go to the states via the local government councils. And it insists that it must have a certain minimum revenue itself to cope with its myriad constitutional functions.

The Okigbo report and the federal Government's White Paper now go to the National Assembly: it is the legislature's constitutional right to determine revenue allocation. Advisers to President Shagari insist that they are fully committed to the Assembly, on both the revenue allocation and the 1981 budget, which should be drawn up on the basis of the new allocations.

They hope to have both through the Assembly by the end of the year. But if the Assembly continues with its new mood of toughness, the battles could be bitter.

## Okigbo Commission's findings on share-out of funds set to provoke fierce debates

WHO GETS how much of Nigeria's income? Nigeria's eighth revenue allocation commission since 1946 has just reported: debates on it in the National Assembly, which has the Constitutional right to decide on final allocation formulas, will begin soon and are likely to be fiery.

In the mid 1950s, when Nigeria was clearly on the road to independence from Britain, the formulae adopted for dividing up the country's money reflected the constant battle for power between the federal Government and the three huge regions which then made up the federation.

In this period, a two-fold conflict developed: first, as to how much money should go to Lagos as against the regions, and secondly, how the sum allocated to the regions should be divided between them. In this latter conflict, two key principles emerged which continue to dog the allocation issue to this day: should a state or region receive money on the basis of need—or on the basis of how much money the state itself generates?

### Export crop

The latter principle of derivation held sway in the 1960s partly because each of the big regions produced a major export crop, from which it derived revenue: cocoa in the west, groundnuts in the north, palm produce in the east. The trouble really began when Nigeria discovered that it had oil in exportable quantities: not surprisingly both North and West tried to abandon the derivation principle in favour of need once it was discovered that the Eastern Region, because of oil, would become far richer than they.

Successive revenue allocation commissions since independence have in fact diminished the importance of derivation and highlighted need—whether on the basis of population or of the right to equal development—as the main allocation criteria. This trend was most noticeable under the military, whose centralised

rule made them better able to override the political objections of the oil states.

The greater power of the Government in Lagos, and the new situation created by the burgeoning oil revenues, was recognised in Decree No. 6 of 1975, which did away almost entirely with the derivation principle. This is the system which is now in force: it will remain until the National Assembly agrees another.

For the current year it provides:

● That out of the estimated federally collected revenue of some N11.8bn, the Federal

Government retains N9bn or nearly 80 per cent.

● That N2.2bn goes into the States' "distributable pool account." This is shared between the 19 states on the basis of a formula which provides for 50 per cent to be divided equally between the states, and 50 per cent on the basis of population.

● That a sum of N312m, which represents 20 per cent of the revenue derived from on-shore mining rents and royalties, is shared among the states on the basis of revenue attributable to each state arising from mining.

Effectively this is the only revenue still distributed on the basis of derivation and it goes principally to the oil producing states of Rivers and Bendel, although Plateau, which produces tin, gets a tiny share. Cross River, because oil is found there only off-shore, gets little extra revenue.

In the past few years, the federal Government has also made non-statutory grants to the states. In the current year 8 per cent of federal Government retained revenue (N277m) goes to the states for on-passing to local authorities.

Education grants to meet the costs of free primary education amount to N413m, based on N40 per child, plus some N100m capital grants; and development loan stock amounting to N300m will be lent to the states in 1980 on the basis of 50-50 population and equal shares.

### White paper

The Okigbo Commission, which was appointed by President Shagari in November last year, reported in June and last year, with a white paper from the federal Government, has just been published.

Okigbo's most controversial of very many complex recommendations (the report runs for four volumes) is that the derivation principle should go entirely, to be replaced by a formula which would divide the money between the states on the basis of population and of need, with some extra money going via a special fund to the oil states, first, temporarily, to compensate them for the loss of "their"

oil revenues, and on the longer term to aid development of the oil producing regions. Okigbo gives a larger share of total income to the states than they have previously had—40 per cent of the total federation account if the 10 per cent allocation to the local government councils is included.

Okigbo also recommends that most of the grants, and especially those for education, which the federal Government now makes to the states, should be subsumed within the new statutory allocations. The table shows in broad terms what Okigbo has computed the new allocations would be for 1981, compared to actual allocations in 1979-80.

### States' income

However, it was far from clear in mid September 1980 whether these figures gave an accurate idea of what the states' income would be.

This is partly because the federal Government does not agree with certain of the Okigbo recommendations: most notably, it would allocate between 2 per cent and 2.5 per cent (see table 2) of the special fund revenues to be divided on the basis of derivation between the "mineral producing states" (which could mean that Anambra state, with coal, or Plateau with tin, will get some of the total sum the oil states believe is their due). It is also not keen to give up its ability to provide grants, while it allocates only 8 per cent to local governments.

There was however also a considerable discrepancy between figures published by Okigbo, which show the states getting more money as a result of the new formula, and figures produced by the federal Government and published with the budget which would suggest that under neither the Okigbo or the federal Government formula will the oil states be much, if any better off.

It is this question, which is likely to be the subject of the bitterest debates in the coming weeks.

TABLE 1

ALLOCATION AMONG THE STATE GOVERNMENTS, 1981  
(30 PER CENT OF THE FEDERATION ACCOUNT)  
(N million)

State	State Share of the Federation Account	Equalisation Fund (1% of Federation Account)	Total All-States (New Formula)	Statutory Allocations to State Governments 1979-80 (Old Formula)
1. Anambra	181.809	—	181.809	108.860
2. Bauchi	146.450	—	146.450	87.710
3. Bendel	153.146	81.517	234.663	194.100
4. Borno	155.453	—	155.453	87.690
5. Cross River	175.713	—	175.713	105.650
6. Gongola	144.402	—	144.402	90.600
7. Imo	182.766	—	182.766	127.350
8. Kaduna	187.193	—	187.193	118.020
9. Kano	223.084	—	223.084	142.440
10. Kwara	126.005	—	126.005	76.030
11. Lagos	147.798	—	147.798	71.550
12. Niger	112.864	—	112.864	67.540
13. Ogun	124.524	—	124.524	73.380
14. Ondo	154.815	—	154.815	92.830
15. Oyo	214.408	—	214.408	133.240
16. Plateau	135.377	—	135.377	81.120
17. Rivers	125.735	70.283	196.018	167.570
18. Sokoto	189.082	—	189.082	122.210
19. Total	3,036.000	151.800	3,187.800	2,039.860

Source: Report of Okigbo Commission 1980

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TABLE 2  
REVENUE ALLOCATION

Distribution of the federation account

	Okigbo	Federal government
Government of the federation	53	55
State governments	30	30
Local government councils	10	8
Special fund	7	7

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# President Shagari: a firm hand needed

WHAT IS likely to happen on the critical issues of government which have been examined in preceding pages, as Nigeria moves into its second year of civilian rule? A very great deal will depend on the leadership from the centre.

A year after his election, the most frequent descriptions of President Shehu Shagari are that he is a "good," "well meaning" or "no doubt sincere" man. Mild-mannered and unassuming—though, some say with a streak of steely stubbornness—he has not made personal enemies. He has, however many critics.

"Shagari's hardly a man to set the Niger on fire," says one colleague. "He does not understand what it takes to be President," says a senior party official. "He grew up under the parliamentary system we inherited from Britain and that's all he understands." Others note, with some apprehension, that Shagari's model seems to be Sir Abubakar Tafawa Balewa, first prime

minister of the federation: Sir Abubakar was widely respected personally but was considered too weak, and the tool of stronger, mainly northern establishment interests.

No one seriously says Shagari is dominated by a small number of advisers, or that there are shadowy figures dangerously influencing him from behind the scenes. But there is a good deal of concern that his desire for consensus could, in the circumstances of the new constitution, induce dangerous weakness.

## Party men

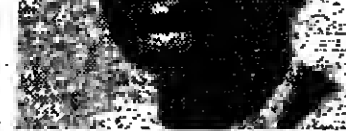
Before any major decision, he is said to consult an enormous range of party men and officials. And he is said to have chosen his Cabinet by asking each of the 19 state branches of the NPN to submit a list of seven names from among whom he promised to choose.

One minister criticises Shagari for governing by com-

mittee. The executive council, or cabinet, itself a hangover from Westminster days, still meets once a week. Shagari was a minister in the Balewa Government, and for several years a Commissioner under General Gowon. He chairs cabinet and, ministers say, does not discipline it firmly enough. "We usually meet from early morning until evening with only kola nut and peppermints to see us through," says one. In early September 80 papers were awaiting its deliberations.

"This constitution demands that the President be a father-figure, and firm at that," said a party colleague, who wonders whether Shagari will allow the legislature to usurp his power. "The President is like the driver of a car: the legislators are there, sitting alongside, to warn him of the obstacles ahead. But he must remain the driver. If he lets them grab the wheel the whole vehicle could spin out of control."

Shagari is said to acknowledge the force of some of these



**NPN**

National Party of Nigeria  
Leader President Shehu Shagari

36 seats in Senate, 167 in House of Representatives, holds 7 states: Bauchi, Benue, Cross River, Kwara, Niger, Rivers and Sokoto.



**UPN**

Unity Party of Nigeria  
Leader Chief Obafemi Awolowo

28 seats in Senate, 110 in House of Reps., holds five states: Bendel, Lagos, Ogun, Ondo, Oyo.



**NPP**

Nigerian People's Party  
Leader Dr. Nnamdi Azikiwe

16 seats in Senate, 77 in House of Reps., holds three states: Anambra, Imo, Plateau.



**GNPP**

Greater Nigeria People's  
Party Leader: Alhaji Waziri Ibrahim

8 seats in Senate, 44 seats in House of Reps., holds two states: Borno and Gongola.



**PRP**

People's Redemption Party  
Leader Malam Aminu Kano

7 seats in Senate, 44 in House of Reps., holds two states, Kano and Kaduna, though in Kaduna the House of Assembly majority is from NPN.

criticisms, but he and his supporters insist that the caution, moderation and tolerance which has characterised his first year have been essential. Nigeria, they say, is one of the most complex states to govern: Nigerians do not readily take to strong-arm rulers and there are special reasons now why the President has had to rule with extra caution.

Shagari's supporters note that

when he took office he did not have a commanding majority in the National Assembly; his own election as President was challenged in the courts; his own party was organised hurriedly, and his alliance with the NPP has not worked well enough to give him command over the legislature.

Above all, his supporters say, Shagari has had to build confidence, both in himself and in

the system: they note that very many Nigerians, a year ago, doubted whether the civil rule experiment could work, and spoke openly about their fears that the army would intervene again.

Shagari's supporters say that as confidence grows, so will the President's ability to give the nation a firmer lead: they point to the quiet but effective way in which he has so far steered the

country through what could have become major political crises. These include the "Oilgate" scandal which arose from allegations that N2.8bn of the country's oil money had "gone missing" the deportation of a senior politician from a rival political party; and the recent resignation of a senior minister following allegations of corruption.

The "Oilgate crisis" is documented elsewhere in this survey. A Commission of Inquiry found the allegation false, but there can be little doubt that without adroit handling, the

crisis could have seriously impaired relations with the international oil companies and with foreign governments. The President's supporters declare that he is able to be firm if he deems it necessary. In April, when a number of senior army officers were "voluntarily retired," he achieved what was effectively a ruthless reshuffle in the most gentlemanly fashion. The retiring officers were thanked profusely for their great contribution to the nation's past well-being; in their place are the President's men.



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## KEY DATES IN NIGERIAN POLITICAL HISTORY

- 1914 — Amalgamation of Northern and Southern Nigeria under British rule.
- 1954 — First fully federal constitution.
- 1956 — Western and Eastern Nigeria become self-governing.
- 1959 — Northern Nigeria becomes self-governing.
- 1959 — National "independence" elections giving northern based NPC the largest number of federal seats.
- 1960 — October 1 — Independence, with Dr. Azikiwe as Governor-General and Sir Abubakar Tafawa Balewa as federal Prime Minister.
- 1962 — Emergency in the Western Region. Chief Awolowo tried for treasonable felony and jailed.
- 1963 — Creation of Mid-West Region. Nigeria becomes a republic. Dr. Azikiwe becomes non-executive President.
- 1964 — Elections lead to increasing violence in west.
- 1966 — January 14 — Military coup overthrows the Balewa and regional governments.
- 1966 — May — Military Government under Gen. Ironsides decrees abolition of federalism in favour of unitary government; riots and killings in north.
- 1966 — July 29 — Gen. Ironsides' government overthrown, Gen. Gowon becomes Head of State not recognised by Gen. Ojukwu in east.
- 1967 — May — Gowon Government decrees creation of 12 states. Eastern Region declares its secession as Biafra.
- 1967 — July 6 — Civil war begins.
- 1970 — January — End of civil war with defeat of Biafra and flight of Biafran leader Gen. Ojukwu to Ivory Coast.
- 1970 — October — Gen. Gowon announced plan for return to civil rule for 1976.
- 1974 — October — Gen. Gowon delays civil rule programme indefinitely.
- 1975 — July 29 — Gowon Government overthrown. Gen. Murtala Mohammed becomes Head of State.
- 1976 — Four year civil rule plan announced.
- 1976 — February 13 — Gen. Mohammed killed in office; failed coup.
- 1976 — October — Military Government published draft constitution.
- 1976 — December — Local government council elected for first time.
- 1977 — October — Constituent assembly convenes to debate constitution.
- 1978 — October — Ban on political parties lifted.
- 1979 — July-August — Elections under new constitution.
- 1979 — October 1 — President Shagari takes over. Military withdraw.

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# Parties grope towards new role

THE DEBATE about the nature of Presidential leadership will continue. Good leadership is clearly vital, but in turn will also depend on the attitude of other key sections and groups in Nigeria's complex society.

Yet another theme that the past year has thrown up is the changing role of the political party in the new political process. Does the party aim, as it once did under a Westminster model, to conduct itself like an alternative government? Or does the new system turn political parties into vehicles for fighting elections and not much more?

Chief Awolowo, who narrowly lost the Presidency to Shehu Shagari, and whose UPN has the second-largest number of seats in the National Assembly, has been criticised for trying to act like an alternative President. Clearly he, far more than the other three failed presidential candidates, fits the new system frustratingly. He is the leader of the second largest party; he seems to feel like the leader of the opposition; yet he has no constitutional role at all.

Alhaji Waziri Ibrahim has apparently decided that a party leader under the new system barely has a role between elections.

For much of the past year, Awolowo has cavilled from the sidelines. He still refuses—since he still maintains that he should have been President—to call Alhaji Shagari President; he continually criticises Government policy and puts forward his own ideas in long texts delivered at the occasional "world Press conference". Awolowo shows no sign of wanting to retire from politics. He is often described as the most experienced and most dynamic of the party leaders. Under him, the UPN shows a greater degree of discipline than the other parties, and he commands great loyalty from his many followers. But he is obviously not an easy man to have as a political opponent. "People either love Awo or they hate him," says one senior politician.

Awolowo's critics maintain that he can be vindictive and capricious and that, despite his greater experience, he will never shake off a reputation for ethnic chauvinism. Many see his current activities as unhelpful and irresponsible. With his eyes on the next election, his recent conversion to the principle of derivation in regard to the oil-states' revenue is seen by critics as a blatant attempt to win the support of Rivers and Cross River, currently under the sway of the NPN. In Kaduna, there is a widespread belief that Awolowo is encouraging the split in the PRP for similar reasons.

Awolowo is seen as the force behind the periodic meetings of nine state governors. These began last December, and involve the five UPN governors, the two PRP men from Kano and Kaduna and the GNPP governors of Borno and Gongola. The meetings stir up a great deal of political heat in NPN circles, where they are seen as an attempt by the UPN to lead a new coalition into the 1983 elections.

The third largest party in the National Assembly, the NPP, led by former President Nnamdi Azikiwe, is divided on a number of issues, not least on the continued validity of the parliamentary alliance with the governing NPN. There are frequent Press reports (and, so far, just as frequent denials) that at least one of the NPP governors will soon attend meetings of the nine. If that were to happen, it could presage a major political realignment, which could bring Awolowo to the Presidency in 1983. But there are so many imponderables that such calculations are premature.

Of the two smaller parties, the PRP is in particular disarray and it is far from clear whether Aminu Kano, its leader, can or will want to pull it back into some order. Not a particularly radical figure in any other respect (and in no sense a communist), Aminu Kano, alone of Nigerian politicians, has long appealed to the northern "Talake" or "teeming masses" for support. He lives more simply than most politicians and is considered more honest. A colleague once said of him that "were he to become President, within three months 'Malam' would be out in the streets carrying placards decrying his rule."

Aminu Kano's penchant for opposition could be the PRP's

downfall, although it is said that he is ready to join the NPN. If he did, no doubt many of his fellow supporters would follow him.

As for the GNPP, its leader Alhaji Waziri Ibrahim, a wealthy Kaduna businessman from Borno, has publicly declared that he is withdrawing from politics for the time being. He, apparently, has decided that a party leader under the new system barely has a role between elections.

The deprived, and there are many millions of them, may one day become a political force. But for the time being, the capitalist ethic reigns.

The Nigerian political kaleidoscope involves other elements too. Currently, for example, there appears quite a marked division between what Nigerians like to call the "new breed" of politicians and the older leaders left over from the first republic. Each of the five party leaders played some prominent role in the ancient regime and so too did a few of their advisers—or bank-rollers. But if, for example, Chief Awolowo or Dr. Azikiwe were to retire—and both are over 70—the political scene could change overnight.

Thus while it is a fair bet that there will be realignments, it is far too early to be sure what these might be.

Meanwhile ordinary Nigerians are also trying to come to terms with the new system. The press, certainly the most exuberant in Africa and perhaps as free as any, is hugely enjoying itself, joining in the politicking with great enthusiasm. Many newspapers are Government owned, but seem happily to take the line of their new masters, where this is required; a few new ones have emerged, like the National Concord, which circulates primarily in the UPN states, is funded by a major businessman supporter of the UPN and has been nicknamed the "Discord" by Chief Awolowo.

Curiously perhaps, in view of the enormous disparities in wealth in Nigerian society, the labour movement is so far not a political factor. Another article

describes the confusion in the trade unions, while part 1 of this survey details the growing gap in incomes between rich and poor.

Yet apart from Malam Aminu Kano, no party makes any special appeal to the workers, socialist ideals, rarely enunciated, are of the vaguest kind, and have far more to do with the provision of free education or health services than with doctrinaire socialist concepts.

Motives for the growing control of foreign business are nationalistic and capitalist. The deprived—and there are very many millions of them—may one day become a political force. But for the time being the capitalist ethic reigns, with many poor or illiterate Nigerians believing that he or certainly his children will ultimately make it to the top.

And the army? Are Nigerians able to feel slightly more confident now than they were a year ago that the shadow of their military past is receding? Details on the armed forces are analysed in the accompanying article.

There can be no doubting the sincerity of those generals who engineered last October's remarkable withdrawal from barracks: neither is there reason, from the evidence of this first year, to doubt that their successors share the view that the army's place is out of politics.

Yet once an army has tasted power, there must always be a danger that some group within it will want to try again. It is perfectly possible to envisage a time when some officers might think the politicians are unable to cope. If there were to be a failure of leadership at the centre, and politicking got out of hand; if corruption continued unabated but the country's oil wealth declined or was squandered; and if at the same time, groups of officers felt themselves disadvantaged within the army; these are the sort of conditions which could provoke another military intervention.

No one suggests that is likely now. And now Nigeria's politicians and their constituents are aware of the dangers. "They simply wouldn't dare make a coup again" said one Nigerian editor. "The army is very unpopular. The people would come out on the streets to fight them with their bare hands." That may be an exaggeration. But 14 years of military rule was a salutary experience for civilians and army alike and with luck will impose restraint on both.



Back to barracks—but will they stay there?

## Soldiers vanish from the streets

MAJOR-GENERAL HASSAN KATSINA sat cross legged on his veranda in the warm Kaduna evening. He had just finished listening to the BBC news on an impressive short wave radio and was waiting for friends to appear for a game of scrabble. "I don't bother about news from the local papers these days," he said "and I see very little of the army. They kindly invite me to their functions sometimes, but I prefer not to go. I'm out of it now and that's the way it's going to stay."

Hassan Katsina was chief of staff five years ago; before that he played a major role in the civil war administration. But today, like his colleagues who retired from the armed forces more recently, he is in business, especially enthusiastic about his farm not far from Kaduna.

There are literally dozens of retired, senior army officers in Nigeria: many left, as did Hassan Katsina, when General Gowon was overthrown in 1975, but most of the rest have been in civilian life for a little less than a year. The list—which includes almost no one over 50—is distinguished, headed by the former Head of State, Gen. Olusegun Obasanjo, now living at his home town of Abeokuta in business and (despite the occasional rumblings from the press that former officers should

be accountable for the past) now firmly out of politics.

The complete withdrawal of the armed forces from political life in Nigeria is certainly one of the most remarkable achievements, not least, if superficially, because of their physical disappearance from the scene. It is extremely rare to see a soldier in the Lagos (or any other) streets these days; a year ago, and for 12 years before that, aggressive khaki green was a very common sight. Nearly a billion Naira has been spent on barracks in the four to five years since the military men produced their phased withdrawal plan.

That is part of the reason: but so, too, is the political determination of the former and the new leadership to keep the forces away from politics.

This does not, however, prevent apparently good relations at the top level, between the President and the High Command. Changes in April, which included several retirements, are thought to have introduced service chiefs whom the President fully trusts and the most delicate of all of the army's programme, a cautious demobilisation resulting in pruning and reorganisation, is continuing.

All military establishment figures are secret. Observers believe however that the army now stands at some 145,000—

Military service: voluntary.  
Total armed forces: 146,000.  
Defence expenditure 1980: N987m (\$1.7bn).  
Army: 130,000.  
4 infantry divisions;  
1 Guards brigade; 4 artillery brigades; 4 engineer brigades; 4 recon. regiments; 64 T-55 med. 50 Scorpion light tanks; 30 Saladin, 15 AMX-60/90 armcd, 75 Fox scout cars; 8 Saracen APC; 32 105mm, 122mm, 130mm guns/how; 81mm mor; 76mm ATK guns; 20mm, 40mm towed ZSU-23-4 SP AA guns.  
Deployment:  
Lebanon (UNIFIL): 1 bn (700).  
Bases: Apapa (Lagos), Calabar. Reserves: 2,000.  
Air Force: 8,000.  
21 combat aircraft.  
3 FGA/interceptor sqns: 1 with 3 MiG-17, 2 with 18 MiG-21MF, 2 tp sqns with

6 C-130H, 1 F-27, 3 F-28, 1 Gulfstream II Hel. incl. 20 BO-105C/D, 13 Fuma, 10 Alouette III, 3 Whirlwind, 3 trg/service sqns with 2 MiG-15UTY, 2 MiG-21U, 25 Bulldog, 15 Do-27-28, 3 Navajo, 20 L-29.  
AAM: AA-3 Atoll.  
On order: 12 AlphaJet FGA, 6 CH-47C hel.)  
Navy: 8,000.  
1 Nigeria-class ASW frigate, 4 Hippo-class corvettes (2 Vosper Thornycroft MK 9 with Seacat, 2 Mk 3), 8 large patrol craft (4 Brooke Marine, 4 Abeking and Rasmussen), 2 RLn 1300 LST, 6 Coastal Patrol Boats.  
(On order: 1 Meko 360 frigate, 6 FAC(M) (3 Lurssen S-143 with Otonmat, 3 La Combattante with Exocet SSN); Seacat SAM).  
Source: ISS Strategic Balance 1980-81

against nearly a quarter of a million men at the end of the civil war 10 years ago—with so additional 10,000 or so each in the air force and navy. The aim is apparently to reduce the army to no more than 120,000.

But all talk of demobilisation as official policy is discouraged. Fear of demobilisation from the rank and file was one reason why General Yakubu Gowon, now in exile in Britain, failed to prune the forces significantly; complaints that demobilisation was too fast were voiced by the men who failed to effect their coup (though they did kill Gowon's successor Head of State, General Murtala Mohammed) in 1976.

President Shagari, visiting the Jaji Defence Academy in July took "this opportunity to make it abundantly clear that it is not the policy of this Administration to engage in any general or unguided demobilisation."

He courageously announced that the army would examine the promotions and performance of officers who won their rank in the field. But he weakened the pill by announcing a step-up in training programmes, declaring that his Government's aim was to transform Nigeria's army "into an effective force second to none in Africa" so that it could properly "defend the largest black nation on earth."

A Naval and Air Force Academy is to be set up along side the army establishment at Jaji, near Kaduna, where a team of some 60 British officers, in a little publicised programme for which Nigeria pays, have now been training Nigerians for more than five years. An Indian team fulfils a similar role in ordnance and with the Navy, while Soviet instructors help train and maintain the Migs which were mainly acquired during the civil war.

Defence however still takes a disproportionate amount of Nigeria's national budget—it is the largest single item in the recurrent budget this year (N466m of which army salaries alone account for N255m) and though for the first time it falls behind manufacturing, mining, transport and education in the year's capital budget, the sum to be spent is still listed at N500m.

This contrasts sharply with the police, which many believe is a sadly neglected force and on which a total of at most N290m is to be spent this year. The force officially stands at 78,000 this year against 69,000 a year ago, and is being re-equipped, though apparently not adequately, with radios, vehicles and the like. But the force can at best provide one constable per 1,000 Nigerians; modern forces elsewhere like to insist on a ratio of one to 2-300 citizens.

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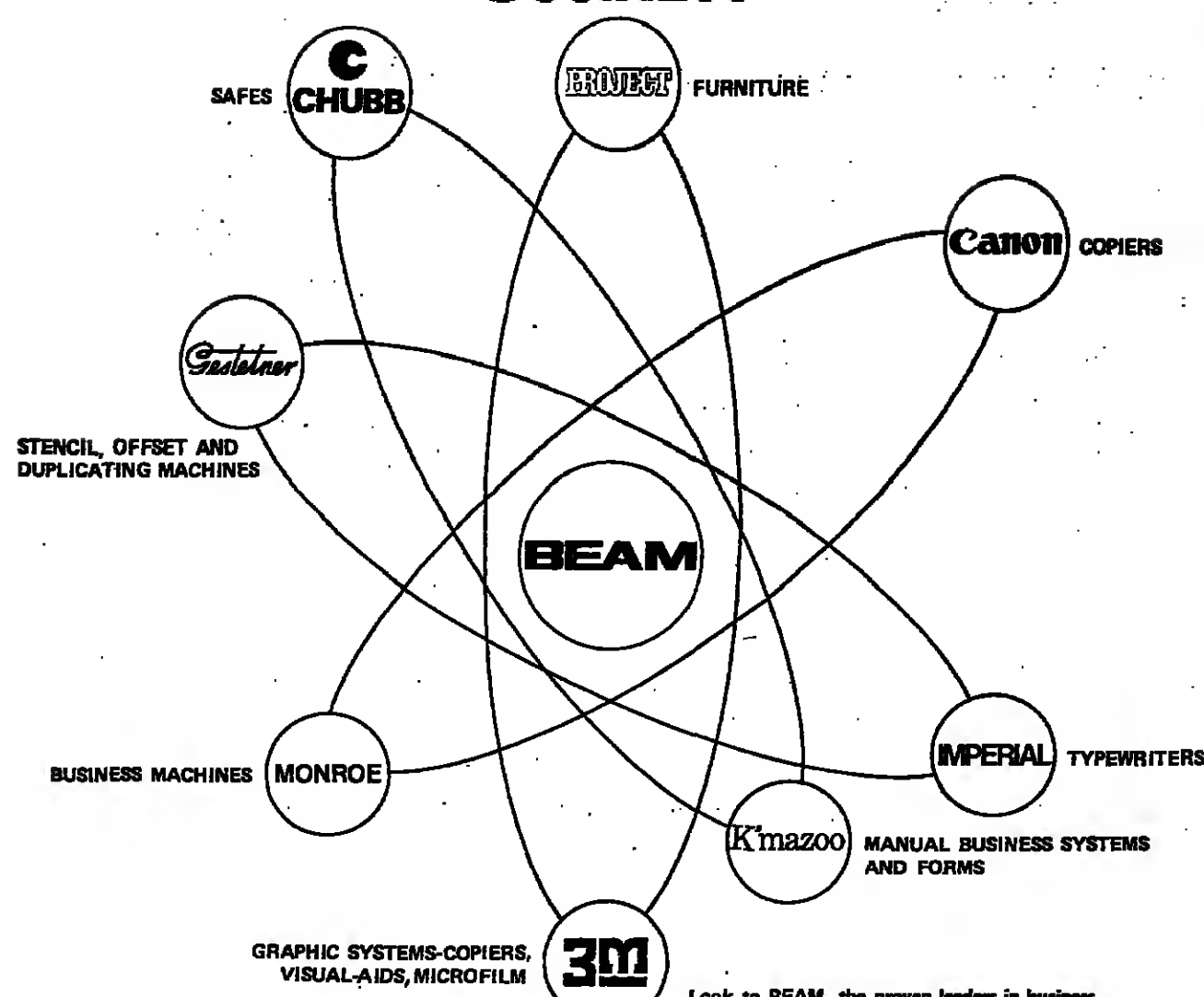
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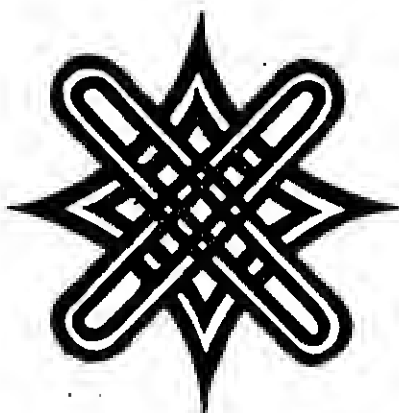
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All smiles as Nigeria's Foreign Minister, Professor Isaya Audu, meets Mrs. Thatcher at Downing Street. But Prof. Audu wants Britain to take a tougher line on South Africa and is even more critical of France. "France has put a spoke in our wheel for years, quite unequivocally and in every way," he says.

## Oil weapon is held in reserve

One in four Africans is a Nigerian. The country has the largest army of any black African state; it is the second largest supplier of oil to the United States and Britain's tenth largest trading partner. These are some of the reasons why the West pays attention to Nigeria's foreign policy. Nigerian External Affairs Minister, Professor Isaya Audu, spoke to Bridget Bloom in Lagos last month.

NIGERIA'S civilian Government would nationalise foreign oil interests if it became convinced that this was "the only effective weapon" to gain its foreign policy objectives. So said Professor Isaya Audu, Nigeria's Foreign Minister in an interview in Lagos earlier this month.

Prof. Audu, once Vice Chancellor of one of Nigeria's premier universities, is a mild mannered man. His tone was far from belligerent and he made it clear that Nigeria had no intention of taking any such action now. But he wanted to make the point that neither the country's foreign policy options nor its policies had changed in the year since the military retired to barracks.

Eighteen months ago, the then military Government nationalised British Petroleum's share in oil exploration, because it said, BP had flouted Nigerian policy on trade with South Africa. "We certainly would not rule out taking similar action for similar reasons," Prof. Audu said.

Hostility towards continued white rule in southern Africa has been one of the consistent themes of Nigerian foreign policy over the years; to make sure that Nigeria backed the successive attempts to settle the Rhodesian problem had long been an objective of British policy in Africa.

But that hostility remains despite Zimbabwe's independence. "No one can deny Zimbabwe is progress," Prof. Audu said. "Though the outcome of the election was not what Britain wanted, they honourably accepted it and we wholeheartedly commend them."

"But there is still Namibia—and South Africa itself. We are still hoping that Britain, which has more investment in South Africa than any other European country, will use its influence more effectively. But we don't believe that when it comes to the crunch, and we are trying to enforce embargoes and the like, that Britain will be serious."

### Trade partners

Professor Audu would not be drawn on specific action Nigeria might take, although he said that Government was alarmed at its trade imbalance with Britain, in particular, and was studying the possibility of switching to alternative trade partners in certain areas in the longer term.

Professor Audu was in London in July on a diplomatic fence mending visit: relations between Britain and Nigeria plummeted in 1976 when Nigeria alleged that Britain had intervened to help the would be comp makers. They remained formally uneasy, mainly because of Rhodesia, even into the early part of this year. The London visit apparently went well, though with no meeting of minds. Professor Audu felt the need for a tougher approach to

South Africa. He met Mrs. Thatcher and Lord Carrington. "I put our message across strongly but I got the message back 'Okay, you've made your point. We're sticking to our guns.'"

Nigeria, perhaps more than other African states, remains suspicious of the current role of the former European colonial powers in Africa. Professor Audu reserved his most stinging rebuke for France, not Britain.

While he criticised Britain's attitude towards Nigerian students (believing that the raising of university fees for Commonwealth and not EEC students had essentially racist "Powellite" motives), the Foreign Minister declared that Nigeria had "more immediate foreign policy problems generated from the French than from anyone else."

France "has put a spoke in our wheel for years, quite unequivocally and in every conceivable way," Prof. Audu said. "They do it directly, or more often they use their 'satellites', their former colonies." Asked to be specific, Prof. Audu declared that but for the French failure to honour the agreement, the accord on Chad, signed in Lagos a year ago, could have ended the strife there.

### Common market

He also insisted that France was impeding agreement between Nigeria and the Cameroonian, a former French colony, on their joint maritime borders and that France continually "stirred up disagreement" within the Economic Community of West African States (ECOWAS)—the nascent attempt to form a common market to bridge the economic barriers between the Nigerian giant and its much smaller neighbours.

Finally, Prof. Audu charged that France's espousal of the tripartite commission, to involve African and European states and members of OPEC was "a deliberate effort to break up what might have developed as a result of the Organisation of African Unity economic summit," which was held in Lagos earlier this year.

Turning to Nigeria's own role in Africa, Nigeria's foreign policy priority had to be to make sure that its relations with African, and in particular West African states, ran smoothly. Prof. Audu declared. "We do not seek leadership, and if we're not necessarily resented, we certainly don't get love from our smaller neighbours."

But a greater degree of co-operation, such as that provided for in Ecowas, was essential, and often of more value, for the smaller states than for Nigeria. "Nigerians don't seek work in other countries, but everyone comes here for the oil boom."

Had Nigeria's policies towards military governments elsewhere in the continent changed? It had been widely

reported that Nigeria had been instrumental in keeping Master Sergeant Doe, who took power in a bloody coup in Liberia last April, from attending a series of African summits. Not so, Prof. Audu maintained. Nigeria still endorsed the OAU's belief in non-intervention in the internal affairs of member states.

Clearly, however, the Government found it "distasteful," President Shehu Shagari said: "You cannot kill my brother to-day and expect me to sit down

to breakfast or lunch with you tomorrow. That's it. That's what we were saying."

Prof. Audu declared that the action of the Liberian soldiers, who had "lined people up and shot them like rabbits" was repugnant. But had not an earlier admittedly military government in Nigeria done the same thing when it publicly executed alleged plotters on a beach near Lagos? "I do not and will never uphold such conduct by anyone," Prof. Audu retorted.



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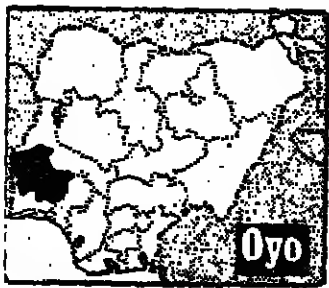
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## NIGERIA XXXIII

## POLITICS

Nigeria is a federation of 19 states, each with its own politics, problems and cultures. Five of them are profiled on this page and on page XXXVI



**THE CLERK** and his deputy sat smiling in wig and black gown at the table of the House while members lounged on the benches negligently waving their order papers. The Sergeant-at-Arms, resplendent in tailored green and polished leather, entered the chamber and after a dozen slow and measured paces gently laid the heavy mace on the table's end. The Speaker, following, quickened his step, gained his raised seat and the day's business began.

Parliamentary democracy is

back in Nigeria and if the constitution under which it has been reinstated owes a heavy debt to the U.S., in the Oyo State Assembly there is no doubt where the practice of parliament was learned. Wig, mace, ceremonial robes for the Speaker soon to come from London, according to Oyo Clerk of the House, Chief Michael Onijide, "90 per cent of all our procedures comes from our British legacy."

Onijide claims that it would be too difficult to change procedure as well as the constitution and one sees his point. The American type constitution, with its strict separation of the three arms of government, is causing enough confusion already to those more accustomed to the British style of doing things.

The confusion is nationwide, but there are more reminders of the old style Westminster politics in Oyo than in many other states. Oyo is just one of five states carved out of the area

which was once the Western Region, but its capital is Ibadan, the former Western Region capital. Its new 137-member State Legislature occupies the same chamber as the former Western House of Assembly—though the second chamber, once reserved for the house of chiefs, is not wanted under the new constitution.

The political line-up seems to have changed less here too, for the party led by Yoruba leader Chief Obafemi Awolowo, once Western Region Premier, still holds sway in Oyo as it does in the other four western states.

Now it is called the UPN—the Unity Party of Nigeria—but everyone agrees that UPN is the old Action Group reincarnated. To those who remember the old days, the similarity is underscored: only eight members oppose the UPN, and all, now NPN, come from Oghomoshola, where Chief Akintola, Awolowo's bitter rival killed in the 1966 coup, drew support for his

NNPP. It all might look rather familiar: Chief Awolowo's party has a massive majority in the Assembly: his own UPN man, "Uncle" Bola Ige is the elected Governor. So presumably the tiny NPN opposition does its best to oppose an executive and legislature united in their determination to pursue UPN policies.

The reality, at least in this first experimental year, is quite different. Governor Ige and his legislature have spent much of the year at loggerheads. Of 12 Bills tabled in the House, only eight are now law. The Assembly has tried to curb the Governor's power in administering the budget, the Governor has refused to assent to a Bill giving the Assembly charge of its own funds, and at the centre of the whole row has been the appropriation Bill itself, submitted by the Governor in March and still not law in August.

Views of what has been happening naturally differ. In the Assembly, member after member tells you that the Governor is trying to arrogate too much power to himself. Here, they say, it was the Governor's refusal to assent to three Bills, including the Legislative Services Commission Bill which would give the Assembly's staff full independence from the executive, which rankled and caused the row over the Budget. It was for this reason that they decided to pass "a Law to control Expenditure and Impounding of Budget in Oyo State" as a thinly-veiled attempt, as one assemblyman put it, to strip the Governor of his financial power. "We know the state is not rich," Speaker Chief Gbolagade says, "but there is a question of principle at stake. We must have independence for ourselves and our staff."

Down the road in the Finance Ministry, Commissioner (Minister) Chief Abiola Morakinyo, saw the problem through the eyes of the accountant he used

to be. He admitted that the Assembly had a "perfect right" to scrutinise the Budget, but noted that it had added some N65m to expenditure while finding only N1.2m in additional revenue. "We already have to find N38m more to pay the minimum N100 a month wage. This would bring our deficit to N120m—on revenue less than three times that."

Governor Ige, in his hilltop residence which once housed the Western Region Governor, endorsed his Commissioner's views, but maintained that the real basis of the Assemblyman's quarrel was the executive's refusal to allow them to set their own salaries. This is fast becoming a national issue.

The constitution gives the National Assembly the right to fix salaries of most public officers from the President down, but is silent on the legislators themselves. The problem, Ige declared, had to be worked out at a national level. But on the question of the Oyo state budget, he was insistent that he as Governor had "ultimate responsibility for husbanding the resources of this state."

What does it all mean? It is not necessary in Oyo to take seriously the mutterings in the Assembly's corridors that the Governor should be impeached. The Assembly is flexing its own muscles; the Governor is feeling out the parameters of his own power. Ige describes the resultant tension as creative.

He is more interested in the fact that the UPN is putting its policy of free education—at all levels—into effect; and that health services too are now free. He rebuts any suggestion that the programmes are being introduced too hurriedly and standards are falling badly, and both he and the Finance Commissioner declare that "every kobo" they are owed from Lagos has been forthcoming, despite their party's often bitter opposition to President Shagari's Government.

Lagos and the oil revenues will, it is hoped, meet the growing deficit, while a few of the laws that the Assembly has passed—such as the legalisation of pools betting and casinos—will perhaps help to swell the local coffers.

As for the conflict with the Assembly, Governor Ige feels that he has ultimately the upper hand. "I am the chairman of the party in this state, and my commissioners are all senior party officials," he said firmly, sounding rather like a shepherd who knows his flock will stray, but is confident he has the means to bring them back into the fold when he needs to.

B.B.

The Oyo state government has legalised pools betting in an effort to generate more revenue, a move which led to this advertisement in a local newspaper

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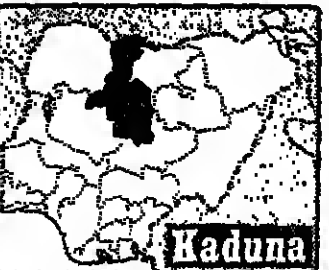
SECTION 170 of Nigeria's constitution details the procedures necessary for the removal of a state governor and or deputy governor from office. Three stages are envisaged in a process that could take at least three months.

1—At least one-third of the members of the State Assembly must sign and present to the Speaker, a document which details allegations that the Governor or his deputy or both are "guilty of gross misconduct in the performance of the functions of his office." Within the next 14 days, the House must vote by a two-thirds majority to proceed with a special investigation.

2—This is undertaken by a committee of

seven people who, in the opinion of the speaker "are of high integrity, not being members of any public service, legislative house or political party." Assembly must approve the Speaker's nominees and the committee must report within three months. The Governor may defend himself in person and be legally represented before the committee.

3—if the committee finds against the Governor and the Assembly supports it by a two-thirds majority, the Governor and/or his deputy must resign. There is no appeal, and new elections must be held within three months, the Speaker of the House acting as Governor in the interim if both Governor and his deputy have been impeached.



If the tension between the legislative and executive branches in Oyo state is largely creative, as Oyo Governor Bola Ige maintains, the same cannot be said for Kaduna. There, in the former capital of the old Northern Region, the new Governor and his legislature are at daggers drawn. An attempt by the Assembly to impeach the Governor and his deputy for "gross misconduct" is apparently only being averted by the insistence of Lagos party bosses that negotiations for a compromise must go on.

ALHAJI DAUDA MANI, a soft spoken man who habitually wears the long flowing robes of the north, swears he entered politics last year only to get the benefits of development, especially decent water, good roads and cheap fertiliser—down to the "95 per cent of our people who are poor and living in the rural area."

But now, he says, a year after the elections, "contractors are not being paid, fertiliser is twice the price and hospitals have no drugs. Our development has just stopped in its tracks." And he adds: "Any common man will feel—why not get this man removed and get our state moving again."

Alhaji Dauda is the elected leader of the 68 members of the National Assembly of Nigeria in the Kaduna Assembly. A straw poll suggests that Dauda speaks for his men. The NPN, the ruling party in the federal Government in Lagos has a two thirds majority in the Kaduna House of Assembly, yet by what its members there consider a quirk of fate, it has to deal with a Governor from a minority party. Alhaji Balarabe Musa was elected under the banner of the PRP. That party got only 12 seats and while all the other national parties are represented—the GNP has 10, the NPP six and the UPN three members—the NPN outnumbers them handsomely.

"Kaduna shows our new constitution at its greatest point of tension," a local newspaper editor says, the only case in the federation where a Governor does not belong to the party which has the largest single number of seats in the assembly. And Musa's position is in fact even more tenuous—he has, like the Governor of neighbouring Kano, Alhaji Abubakar Rimi, found himself under an order—now being challenged in the courts—which would expel him from the PRP.

#### At odds

While the reasons for the attempted expulsion are probably more national than local, he is a lonely man, at odds with his Assembly, his party leadership and, many people suggest, though he himself denies it, with much of the party's rank and file.

It is difficult for a layman to judge the allegations of unconstitutionality which each side throws at the other (several cases are anyway now before the courts). But there is no doubting the existence of conflict. For a start, Balarabe Musa has spent a year without a cabinet: he has four times submitted his cabinet list for Assembly approval and four times had it rejected. At the end of last month, just before the final rejection, he swore that he would finish his term without appointing commissioners (ministers). He says he has tried and the Assembly has found every petty excuse (such as declaring a woman appointee illiterate "when in fact she was a qualified nurse") for turning down his nominees. The Assemblymen maintain that he is acting unconstitutionally if he does not produce a cabinet. Not that Governor Musa has been able to produce much of a programme for a new cabinet to carry out. The PRP pride itself on its appeal to the "talakawa"—the peasant masses. Yet Musa's attempt to

abolish the haraji or poll tax—a major plank in his platform—was stalled for months by the NPN majority in the Assembly which finally initiated the bill itself, stealing the Governor's thunder. Of the seven bills which have been tabled in the House since last October—on any reckoning hardly an impressive achievement—five have produced minor or major stalemate with the most lasting controversy being caused over the budget. According to NPN assemblymen, this would be central in any case for impeachment.

As in Oyo, the budget was

special local factors which contribute to the crisis. It is not a question of party, the majority leader, Alhaji Mani declares. Almost any other man, PRP or not, finding himself in this situation, would be prepared to compromise. But Musa, says another politician, "has controversy in his blood." It is a commonly expressed view that Musa's short temper and stubbornness has been the cause of his leaving jobs in the past. Musa denies this, but admits that he's stubborn. "As a man of principle, I won't make compromise a principle," he says.

Alhaji Mamman Dammusa, the

STATE	GOVERNOR	PARTY	% VOTES
Anambra	J. A. Nwobodo	NPP	80
Bauchi	Alhaji A. Tafari Ali	NPN	55
Bendel	Prof. A. F. Ali	UPN	53
Benue	Aper Aku	NPN	60
Borno	Alhaji Mohammed Goni	GNPP	55
Cross River	Dr. Clement Isong	NPN	60
Gongola	A. A. Barte	GNPP	56
Imo	Samuel Mbakwe	NPP	80
	PRP		45
Kaduna	Abdulkadir B. Musa		
Kano	Alhaji A. Rimi	PRP	79
Kwara	Alhaji Adamu Atta	NPN	51
Lagos	Lateef Jakande	UPN	80
Niger	Alhaji Awwal Ibrahim	NPN	60
Ogun	Chief U. N. Onabanjo	UPN	93
Ondo	M. A. Ajasin	UPN	94
Oyo	Mr. Bola Ige	UPN	85
Plateau	Solomon Lar	NPP	60
Rivers	Chief M. O. Okilo	NPN	65
Sokoto	Alhaji Shehu M. Kangiwa	NPN	75

scrutinised for months in the Assembly, and was sent back to the Governor with considerable additions in expenditure but almost none in revenue.

As the Governor explained it, his budget provided for expenditure of N235m which was increased by the Assembly to N293m. "But when we investigated further, we discovered they'd got their sums wrong: the total was N302.2m."

Governor Musa says he finally assented to the Bill because the chairman of the Assembly's appropriation committee "made it clear that once my provisional authority to draw money over a six-month period had expired, I would have no alternative but to resign or ask the President to declare a state of emergency."

Clearly he did not want to resign, while it was obvious that an NPN President would not act against the NPN majority in the Assembly. But, Musa said, Kaduna simply could not afford what the Assembly had voted: if and when the money became available, he would order its release. Meanwhile he had placed a number of expenditure items on reserve. This, retorted the Assemblymen, is completely unconstitutional—as, they charge, are other actions by the Governor on local government councils and parastatal appointments.

#### Special factors

Is the Kaduna confrontation of more than local interest? Does it as some maintain, reveal a weakness in the constitution which could lead, not just in Kaduna but possibly one day on a national level, to political paralysis which bodes ill for Nigeria's future political stability? Or would the crisis melt away if, as most of the NPN men in Kaduna seem to believe, the Governor resigned?

It is clear there are some

Assembly's speaker, is not alone in believing that "had they known they could win the Governorship in Kaduna, the PRP would never have fielded Musa." He and others admit that the NPN's own candidate was not a popular man, while Musa was the only gubernatorial candidate from the populous, non-Hausa and partly Christian south.

But they say that Musa got in principally because at the last minute—after the Assembly elections—the minority parties concluded a voting deal to keep the NPN out of certain key northern states. GNPP, NPP and UPN votes, they say, put Musa in.

Can Musa be persuaded to resign? Attempts to solve the conflict in any other way have certainly failed. PRP and NPN party bosses thought they had worked out a compromise last December, only to find that the Governor declared he was not party to it.

Musa maintains that PRP leader Malam Aminu Kano—widely respected throughout the Hausa north as a long-time opponent of the Hausa Fulani Kanuri establishment—is now ready to join the NPN, thus forfeiting the support of his followers. Other PRP men say that "Malam," recently on sick leave in London, will return to crack the whip and a compromise will be found.

Meanwhile, as President Shagari and NPN party leaders in Lagos try to stave off the ultimate confrontation and stop the NPN impeaching Musa, criticism that the first year of civilian rule in Nigeria has produced minimal government is perhaps truer in Kaduna state than anywhere else. It certainly does not appear as an advertisement for the virtues of separating the powers of the state.

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granted and war victims were rehabilitated.

There was post-war reconstruction followed by an economic boom. By now Nigeria had become a Federation of twelve states in response to the demands for the creation of new states.

A third Military Government came into being in a bloodless coup on July 29, 1975. It announced a four-year programme that would terminate with the return to democratically elected government and the shifting of the Federal Capital from Lagos to Abuja in the central part of the country in response to popular demands.

It also created seven new states to make Nigeria a Federation of nineteen states. The Head of this government, the late General Murtala Muhammed was killed in an abortive coup

stay aloof and serve as interpreters of the law and the constitution—the final arbiter.

On September 21, 1978, the Military Government announced the lifting of the ban on party politics. It set up the Federal Electoral Commission (FEDECO) and charged it with responsibility to register political parties and conduct elections into the Senate, the House of Representatives, state Houses of Assembly, as well as conduct gubernatorial elections and the election of the President and the Vice-President on a joint ticket.

There were very many political associations wishing to be registered as political parties but only five of them met the stringent requirements for qualification as laid down by FEDECO. These five political parties are the National Party

President and Vice-President respectively of the Federal Republic of Nigeria. Alhaji Shehu Shagari's closest rival was Chief Obafemi Awolowo, leader of the Unity Party of Nigeria (UPN) who had Chief Philip Umeadi as his running mate.

Alhaji Shehu Shagari's party, the NPN has the single largest number of seats in both the Senate and the House of Representatives. It worked out an accord with the third ranking NPP to ensure a workable majority in the National Assembly—that is, the Senate and the House of Representatives.

The swearing in of Alhaji Shehu Shagari as Nigeria's first Executive President ended the thirteen year period of military rule in the country.

## PRIORITIES

In two speeches on October 1, 1979 after his swearing in, President Shehu Shagari announced the priorities of his government. These priorities had formed the basis of his campaign for the office of President.

He promised that Agriculture will be transformed to the point where Nigeria will be food self-sufficient and formally announced the commencement of an agrarian revolution tagged the Green Revolution.

There will be millions of additional housing units too in the urban as well as in the rural areas. Emphasis will be on home ownership and to reduce the cost of building a house, President Shehu Shagari's government will encourage the local production of building materials.

Education will be a priority and it will be qualitative and have a sound moral content. Individuals and Voluntary Agencies will be encouraged to open schools as long as they meet government guidelines.

There will be a Ministry of Science and Technology which shall develop policies to be reflected throughout our educational system.

Africa shall remain the cornerstone of our foreign policy and it is the National will that Africa shall be free, free of racial bigotry, free of oppression and free from the vestiges of colonialism. President Shehu Shagari promised that we shall continue to support all forces of progress and oppose all forces of oppression in Africa and elsewhere. He re-affirmed faith in and support for the Charter of the United Nations and the Universal Declaration of Human Rights, the charter of the Organisation of African Unity, the Economic Community of West African States (ECOWAS), the Organisation of Petroleum Exporting Countries (OPEC).

## THE FIRST YEAR

By October 1, 1980, President Shehu Shagari's government will have been in office for one year.

How has he performed and how well has he made good his promises? This assessment has to be made having in mind the constraints imposed by the constitutional provision of the separation of powers.

Under the constitution, the National Assembly on the one hand and the Executive on the other need the National Assembly's blessing and the President's assent to become law. Where the President's assent has not been received within 21 days of the passing of a bill by the National Assembly, the National Assembly can re-examine the bill and if it passes it with a two-thirds majority of members, it becomes binding on

the President to assent. The same provision applies in the relationship between the executive and the legislature at the state level.

Executive and legislative acts can be challenged in the law courts by concerned citizens. In the one year of our operation of the Presidential system, exciting and dogged fights have taken place in the law courts and a number of government actions and decisions at both Federal and state levels have been challenged successfully in the law courts. All these have reassured Nigerians that they are truly back in a democracy after thirteen years of military rule.

## AGRICULTURE

Agriculture or the Green Revolution has been the number one priority of President Shehu Shagari's government. Recently, the Minister of Agriculture, Alhaji Ibrahim Gusau who has now been nicknamed, the 'Chief Green Revolutionary of Nigeria', gave details of what the government had done to translate its plans and programmes into action.

The Green Revolution will be mechanised. Thousands and thousands of tractors will be purchased. For a beginning, about 200 tractors, 50 ten tonne lorries, 250 mobile ridge threshers, 250 small irrigation pumps, 44 publicity vans, 250 sorghum and millet threshers and 1,800 maize shellers have been purchased for distribution to farmers. That amounted to about N18 million.

Locust, erosion, flood and insufficient rainfall are being counter-revolutionised. The government has on order some fleet of helicopters to supplement existing stock all in the battle against locust.

There has been a re-organisation of the Federal Ministry of Agriculture and its agencies like the Root Crops Production Company and the Grains Board, two bodies that are charged with the responsibility of producing and marketing the staple food of most Nigerians. The role of these two bodies is regarded as crucial to the revolution. The World Bank is sending four experts to help in organising an efficient and effective marketing system for these bodies. Chairmen and Boards of Directors were recently appointed to give them proper direction.

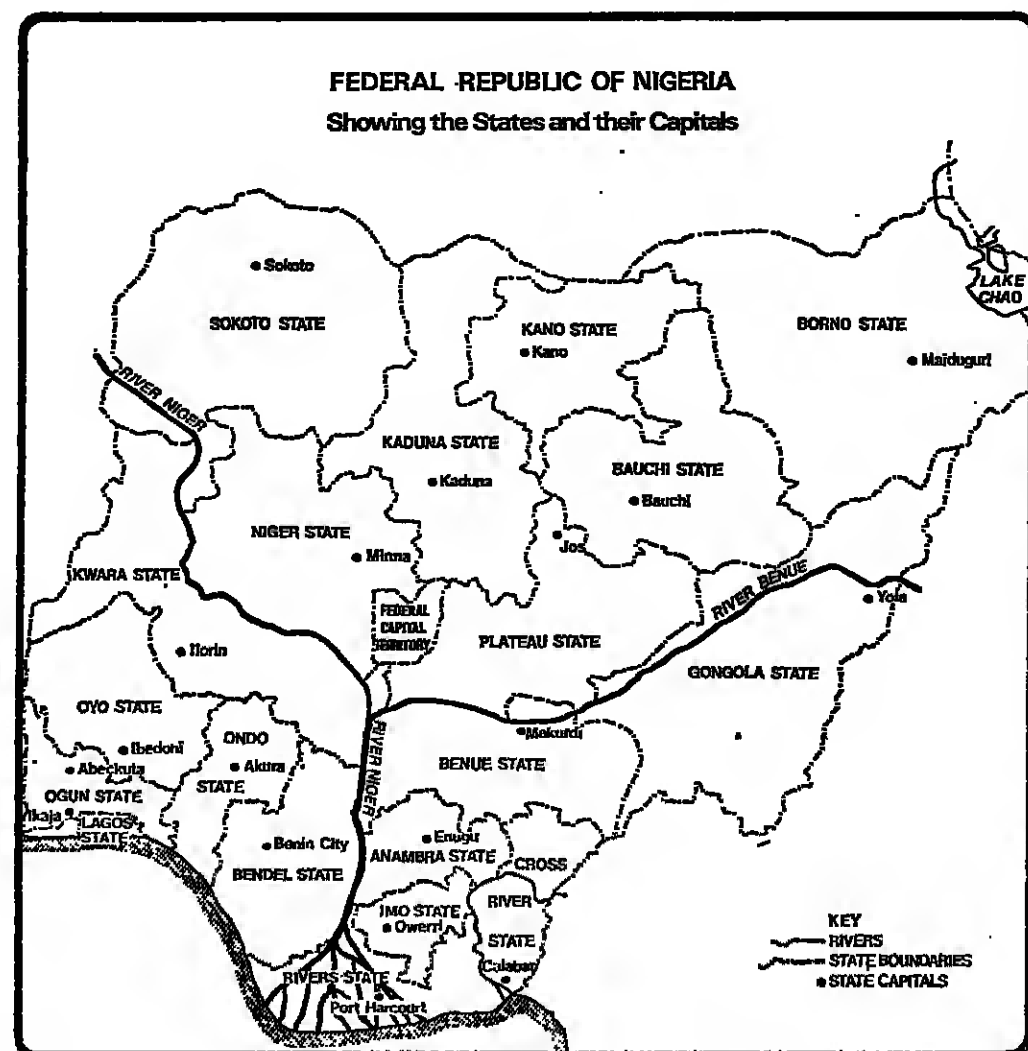
The universities and schools of Agriculture throughout the country are being mobilised to organise a crash training programme for farmers as part of the government's farmer enlightenment plans. The intervention is to get the farmers to operate the machines themselves and not depend on government functionaries for such purposes.

There are storage facilities and the Ministry intends to build more. The government will purchase from farmers what is regarded as surplus and sell to needy consumers in areas where there is no surplus.

Agricultural research bodies are assisting and the country hopes to feed itself and be able to export food within five years despite the dependence of neighbouring sister countries for some of their food supplies.



Alhaji Shehu Shagari, President, Commander-in-Chief of the Armed Forces of the Federal Republic of Nigeria.



tions of the Nigerian army had mutinied in reaction to widespread political unrest and violence in parts of the country.

At that time Nigeria was a Federation led by a Prime Minister at the centre and four regional Premiers. The Prime Minister, two regional Premiers, a Federal Minister and a number of top army officers were killed. The General Officer Commanding the Nigerian Army took over power as Head of the Federal Military Government and Supreme Commander of the Armed Forces. He tended to steer the country towards a military form of government. This was an unpopular move and after six months, his government was overthrown and he and one of his Military Governors and some army officers were killed.

Nigeria's second Military Government lasted nine years. During this period, a civil war was fought to re-unite the country after a section of it had tried to secede. The peace was won since, at the end of the war, the government declared that there was no victor and there was no vanquished. A general amnesty had been

on February 13, 1976 after six dramatic months in office and was declared a national hero. His Chief of Staff, Supreme Headquarters, General Olusegun Obasanjo, was persuaded by his colleagues to head the government and complete the programme embarked upon by his assassinated predecessor.

A 49-man Constitution Drafting Committee was set up to draft a constitution. The draft constitution was subjected to public scrutiny and debate for a whole year before it was further subjected to scrutiny by an elected Constituent Assembly. The new constitution made provisions for the adoption of the Presidential system of government in preference to the Westminster type of democracy. It provided for a President, a Vice-President, a 95 member Senate and a 449 member House of Representatives at the Federal level; Governors and Houses of Assembly were to form the executive and the legislative arms of government at the state level. It also provided for elected local governments to bring government close to the grassroots. The Judiciary will

of Nigeria (NPN), the Unity Party of Nigeria (UPN), the Nigerian Peoples Party (NPP), the Peoples Redemption Party (PRP) and the Great Nigerian Peoples Party (GNPP). One of the requirements laid down by FEDECO for qualification to be registered as a political party was that such parties must have a national base and geographical spread.

Each of the five parties captured power at the state levels as follows—NPN 7 states, UPN 5 states, NPP 3 states, GNPP 2 states and PRP 2 states.

All the five political parties fielded candidates for the Presidential election which was held on August 11, 1978. The candidate of the NPN, Alhaji Shehu Usman Aliyu Shagari won the election with his running-mate Dr. Alex Ifeanyi Chukwu Ekwueme, having fulfilled the dual conditions of winning a majority of popular votes and having the required geographical spread which is framed to ensure that the whole country is the constituency of the President.

Alhaji Shehu Shagari and his running mate, Dr. Alex Ekwueme, were sworn in as

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The whole agrarian revolution will cost billions of Naira and will, apart from the Federal Government, involve the state and local governments.

By 1st January next year, a Land Resources Department will come into existence to study what type of fertiliser is best suited for any particular area. To ensure that the country does not exhaust its forest resources and endanger wild life, the Ministry intends to keep to international standards.

As far as the Green Revolution is concerned, emphasis will be on technology to get the farmers away from the drudgery of tilling the soil with outmoded equipment and technique. Practical men will be sent into the field to assist the farmers.

## HOUSING

President Shehu Shagari's government is firmly committed to the provision of 200,000 housing units every year. The President started off the programme by turning the sod in Yola, Gongola State on June 9th, 1980. The Federal Ministry of Housing and Environment is directly involved with the construction of 2,000 housing units in each state including the Federal Capital Territory of Abuja. Contracts for the execution of the programme in all the states have been awarded.

The Land Use Decree entrenched in the constitution which vests land in state governments has been a major constraint in the implementation of the housing programme. Work has actually started in the states where land had been made available to the Federal Government.

Emphasis is on owner-occupier basis. Loans are being made available through the Federal Mortgage Bank and are of three kinds—social, economic and commercial loans. Social loans, repayable within 15-20 years, cover owner-occupier or home ownership limited to N65,000. These loans also cover houses built by estate developers for sale at not more than N85,000 per house or N30,000 per unit or flat. Economic loans cover private residential houses built for letting and/or costing over N65,000 and houses built by housing estates not covered under social loans. These loans are also for building materials development and a repayment period of up to 10 years applies. Commercial loans cover commercial buildings, specialised office development and State Housing Corporations operations within the above. This category of loans is repayable within seven years.

A new town is being built at Abesan on the outskirts of Lagos. Site clearance of the new town has almost been completed and construction of houses has actually begun. The projected population of the town is estimated at 350,000.

There is also a World Bank Urban Development Project which provides for a phased implementation in eight states. The pilot project is in Bauchi State. The first phase will be in Lagos, Ogun, Benue and Imo States while the second phase will be in Gongola, Niger and Ondo States.

The government's housing programme also includes the construction of priority housing units in both the Ajakuta and Aladja Steel Townships. Construction of the 250 priority housing units in Ajakuta has started and the drawing-up of the Master Plan for additional 8,000 units has been completed. In Aladja, construction work has actually begun on the 4,500 housing units for the township population of 50,000. The town is expected to be fully ready by December, 1983.

The Minister of Housing and Environment, Dr. Wahab Dosunmu is a specialist in urban planning. The government also has the additional benefit of the expertise in housing, of the Vice-President, Dr. Alex Ekwueme who before entering partisan politics was a renowned and very successful architect.

Education is a priority of President Shehu Shagari's government and he made this clear in his first broadcast to the nation when he said: "My Administration is irrevocably committed to making education a priority. We shall immediately expand educational infrastructures in order to cope with the demand at all levels of our educational system. We also plan to make education more qualitative and functional with a sound moral content."

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The Universal Free Primary Education (UPE) continues to attract the highest priority of the government. The verified primary school population in Nigeria as at now is 11,457,772 as compared to 8,900,000 when the scheme was launched in September, 1978. The scheme involves the participation and co-operation of the Federal, state and local governments in the funding and management of primary education.

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Nigerian girls in ceremonial attire.

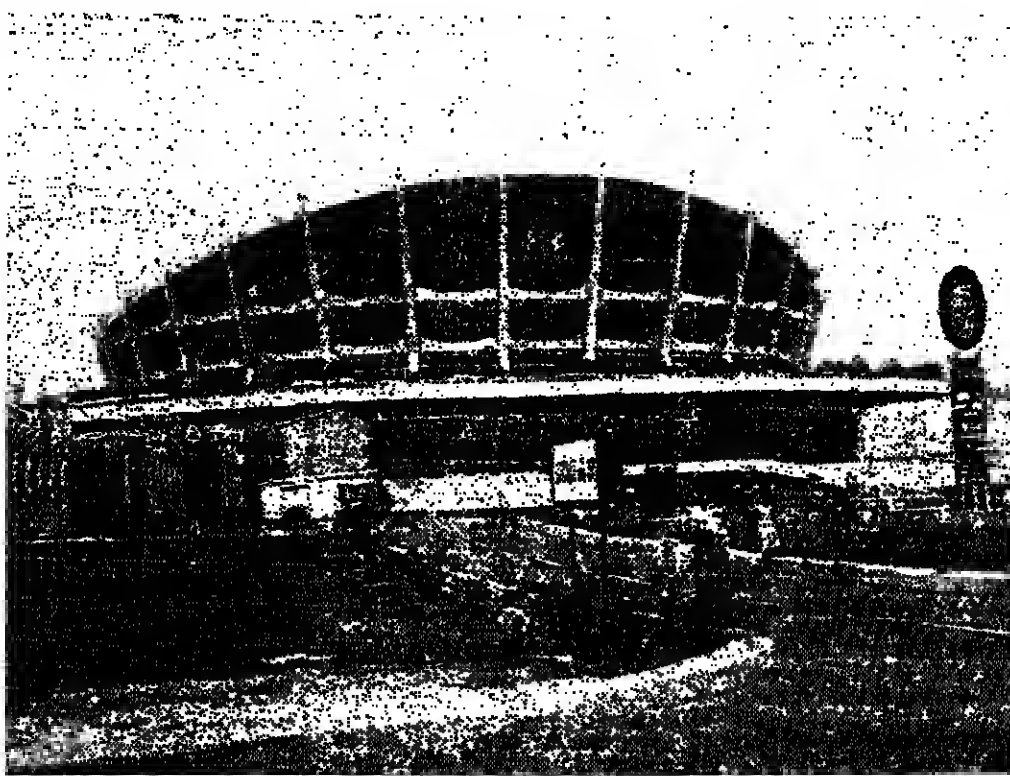


University of Ibadan—established in 1948

هكذا من العمل



## ADVERTISEMENT



The National Theatre—officially opened on September 30, 1976—was the main venue for FESTAC 77.

an adult literacy programme aimed at achieving the same purposes. Emphasis, in this regard, is on functional literacy.

Federal and state governments own and run secondary schools. The Federal Government has 39 Federal Government Colleges, conceived as "Unity Schools," with a total enrolment of 23,063. President Shehu Shagari's government reduced boarding fees in these schools from N120 to N80 per term to ensure that they attract all classes of Nigerians. The government has also devised a new admissions policy into these schools, which satisfies the requirements of merit, the needs of the surrounding states

the Ordinary National Diploma (OND) and the Higher National Diploma (HND). There are two Federal National Technical Teachers Colleges in Nigeria. At present there are 260 Grade II Teachers Colleges with a total enrolment of 234,880. There are also 35 institutions offering National Certificate of Education (NCE) courses in different subject combinations with a total student population of 17,690.

Nigeria probably has more universities than any other country in Africa. At the moment, there are 13 full-fledged universities and the establishment of three new ones had just been announced. In

into office that Nigerians would see a definite improvement in communication and postal services within the first year of Executive Presidency in Nigeria.

The period saw the commissioning of 21 automatic telephone exchanges which increased the telephone lines by 66,500 with Subscriber Trunk Dialling facilities whereby a subscriber could make direct connection with another subscriber in a different location without the assistance of an operator. During the period, Telex/Gentex services were increased by 2,000 lines while with regard to external telecommunications, International subscriber dialling facilities in Lagos metropolitan area was introduced to improve services being offered to customers.

frequency currents that can be deployed for telephony as well, and considerable efforts were made during this period in installing frequency converter equipment in all the affected locations.

Progress was also recorded on all the five aerostat sites on civil works. In the south-west aerostat site 66 per cent of the mooring sub-system ground electronics, mechanical and electrical works have been completed while the corresponding figure for North-east site is about 70 per cent. No equipment installation has started in North Central, South Eastern and North Western sites because of delayed civil works.

When completed, each television viewer in any part of Nigeria will be able to select television programmes going on in any one of the three major centres in the country.

Nigeria's communication with the outside world is handled by the Nigerian External Telecommunications Ltd. (NET). To improve on accessibility to the outside world from different parts of Nigeria, NET has embarked on the construction of the Second International Gateway Complex in Kaduna which on completion will cater for International Telecommunication Traffic from the Northern States of Nigeria. The system will provide alternate routing and system diversity for Nigerians communicating with the outside world.

NET has also introduced International Subscriber Dialling in Lagos metropolitan area to meet the growing demand for International Telephone Service. As a matter of fact, these facilities have been introduced in three exchanges so far. There was also the commissioning of Lagos-Abidjan Submarine Cable which, among other things, will provide a high speed route to meet the growing demand for International Telephone Service. As a matter of fact, these facilities have been introduced in three exchanges so far. There was also the commissioning of Lagos-Abidjan Submarine Cable which, among other things, will provide a high speed route to meet the growing demand for International Telephone Service. As a matter of fact, these facilities have been introduced in three exchanges so far. There was also the commissioning of Lagos-Abidjan Submarine Cable which, among other things, will provide a high speed route to meet the growing demand for International Telephone Service.

The Lanlate Satellite Earth Station was upgraded to meet the new requirement of the International Satellite Organisation (INTELSAT). NET has also established offices in five state capitals to provide telephone, telex and facsimile services. The facilities will eventually be extended to the other state capitals.

#### IRON AND STEEL DEVELOPMENT

Nigeria is constructing Iron and Steel projects at the following areas:

- (i) the Ajaokuta Integrated Blast Furnace Steel Complex;
- (ii) the Delta Direct Reduction Steel Plant at Aladja and
- (iii) the three Inland Steel Rolling Mills at Oshogbo, Jos and Katsina.

These projects were embarked upon before the present government came into office but it is determined to accelerate them and for that reason it put them under a Minister, Alhaji Ali Makiye.

Considerable work amounting to about 65 per cent of the civil works on the Delta Direct Reduction Plant had been accomplished by September, 1979. The Ajaokuta complex is being handled by Russian contractors who after protracted negotiations have now agreed to commission the light section and the wire rod mills by the end of 1983 while the remaining units will be commissioned by 1985.

#### WORKS

Nigeria continues to construct new roads and rehabilitate existing ones. It is an acknowledged fact that Nigeria has one of the best road networks in Africa. Right now, emphasis is on road rehabilitation. Consultants have been commissioned to prepare tenders for the rehabilitation and special maintenance of about 1,800 kilometres of roads throughout the Federation. Weigh bridges are being installed on existing highways and negotiations have been concluded with the World Bank for a loan of U.S.\$108m to finance the sixth highway project. This project consists of the strengthening of certain roads throughout the country. The Minister of Works is Mr. Victor Igwe Masi.

#### TRANSPORT

The main pre-occupation of the Federal Ministry of Transport with Alhaji Umaru Dikko as Minister, is the implementation of a master plan of railway system based on the standard gauge with a view to opening up the country and integrating the national economy. The project will take over 25 years to be implemented. There is a National Freight Company which during the period under review carried 125,52m litres of petroleum products for a total earning of N4.8m. It also made N2m for the handling of dry cargo. It has also secured freight contracts from most of

the Iron and Steel projects in the country.

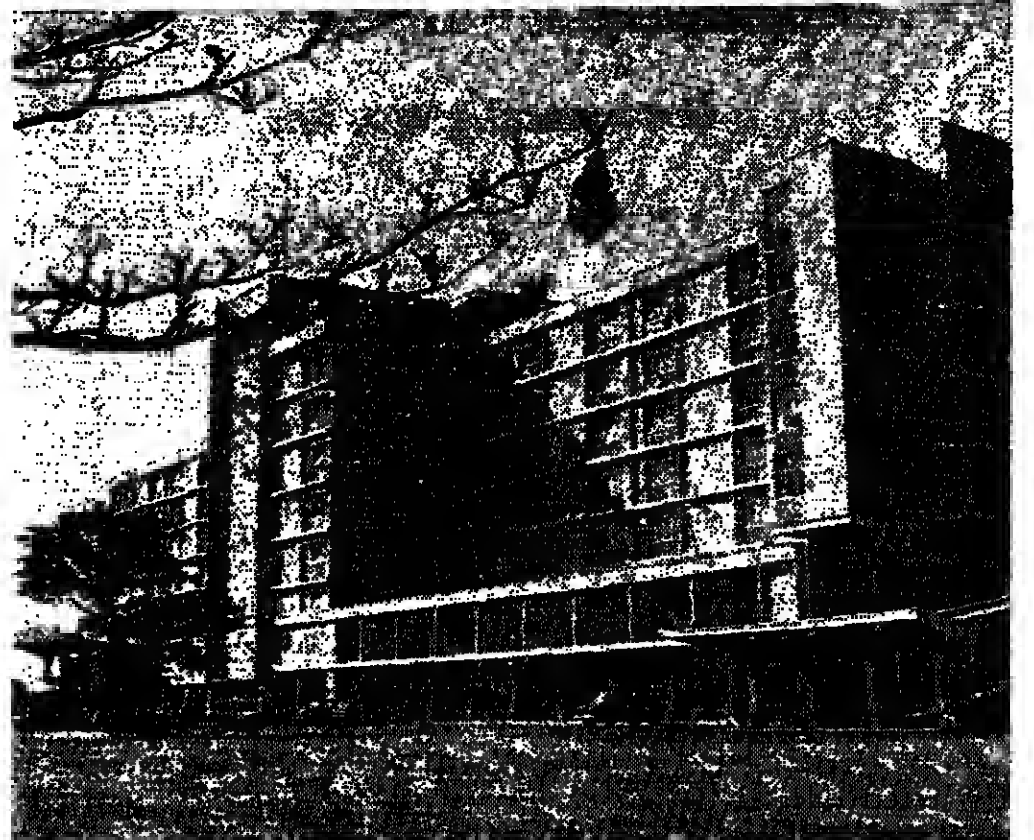
#### DEFENCE

The Minister of Defence, Professor Iya Abubakar, said on assuming office that part of Nigeria's defence strategy is to have well-trained and highly equipped armed forces to serve as a deterrent to adventurous countries. A draft agreement on Non-aggression and Assistance on Defence among member states of ECOWAS was finally considered at ECOWAS Defence Pact meeting held in Lome, Togo in May this year. The present administration has in fact embarked on a systematic increase in the number of defence missions both in Africa and other friendly countries. As a member of the UN, Nigeria is still fully involved with the UN Interim Forces in Lebanon (UNIFIL) and this administration has ensured that the nation is contributing its quota to world peace.

The Defence Industries Corporation is being re-organised to meet the country's needs for small armament. A military assembly plant is under construction. Within the last one year, the present administration took delivery of four of the very modern and sophisticated warships for which order had been placed. These were NNS AMBE, ENYINMIRI, ERINMI and OFFIOM. Four other warships—NNS EKPE, DAMISA, SIRI and ARADU, the largest and most sophisticated frigate this country has ever acquired, were acquired.

#### HEALTH

There has been an increase in the number of beds available in University Teaching Hospitals. There are 13 of such



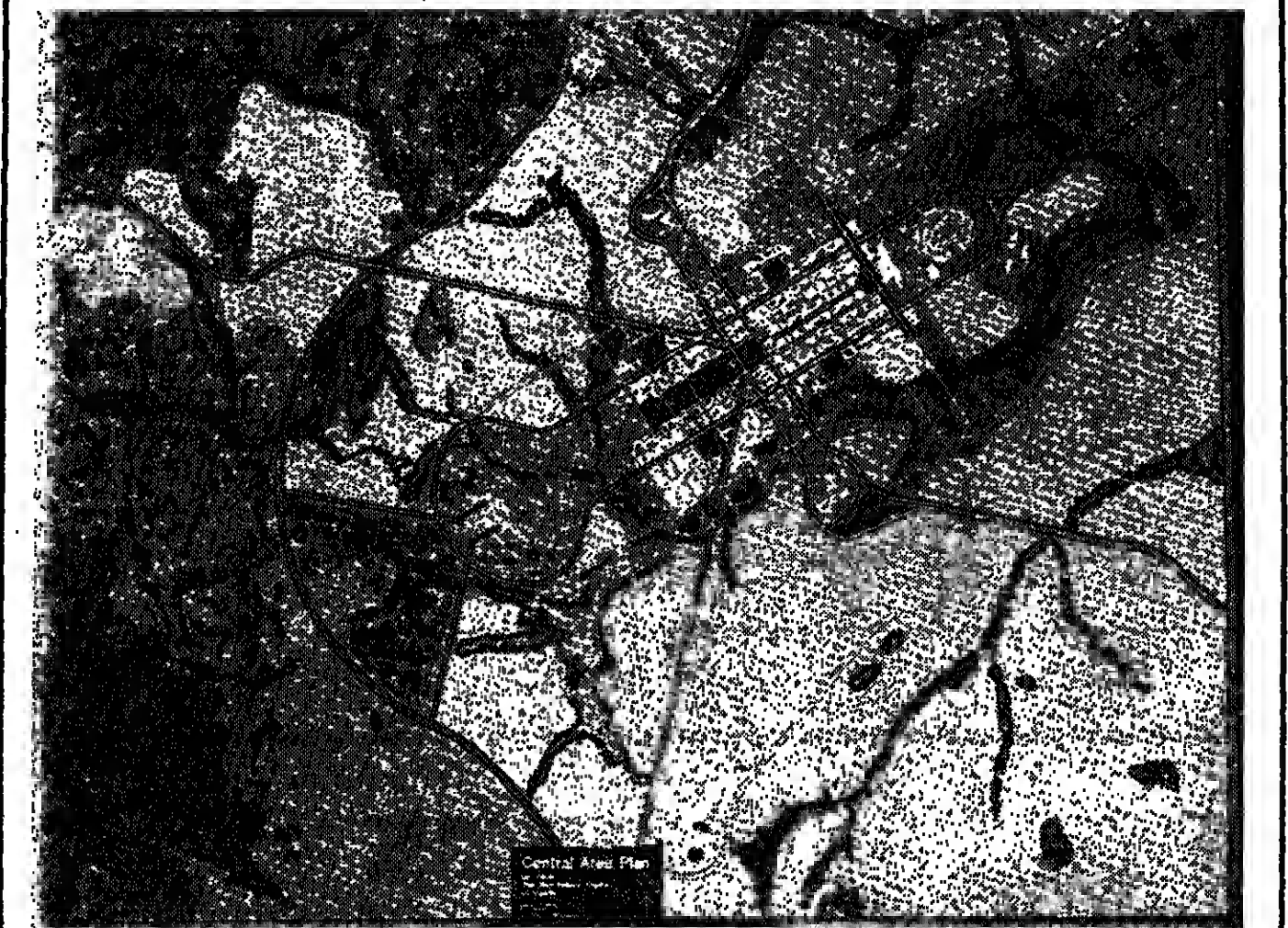
Federal Palace Hotel, Lagos, one of Nigeria's premier international hotels

at 30th September, 1979, the last day of the military regime, the overall financial position of the Federal Government showed a deficit of about N1.4 billion. The state governments were in similar plight. As a result of sound fiscal measures, President Shehu Shagari's government has been able to reverse the trend. The recurrent expendi-

The Ministries of Finance, Industries and National Planning with Professor S. M. Essang, Mr. Adamu Ciroma and Mrs. Adenike Ebus Oyaghola as Ministers respectively, have crucial roles to play in shaping the economy. Details of the 4th National Development Plan (1981-85) are expected to be

realistic minimum wage. It raised the minimum wage in the public sector from N60 per month to N100 and provided housing and transport allowance.

In the words of the President, Nigeria wants "a new world, where no man and no nation is oppressed, where men as well as nations are judged by the



#### NEW FEDERAL CAPITAL - ABUJA

President Shehu Shagari's government will move the seat of the Federal Government to Abuja in 1982/83. All the city's projects relevant to the 1982/83 deadline are being embarked upon seriously. When completed, Abuja will be one of the most modern cities in the world. The Minister in charge of the Federal Capital Development Authority is Mr. Jatau Radiya.



Nigeria's second petroleum refinery at Warri.

where the college is located and the central idea that Federal Government Colleges are conceived as "Unity Schools." Students of these schools usually represent Nigeria in microcosm. Secondary education is tuition free throughout the country. Admission into these schools has been increased to 1,500 students per year per school.

Technical education geared towards the production of technical manpower has received great attention with the increase in the number of Polytechnics. There are 24 Polytechnics in Nigeria out of which seven are owned by the Federal Government. These Polytechnics award

1982, the Open University system will start functioning in the country. This will benefit older people who had no opportunity to further their education when they were young, full-time workers who cannot leave their jobs to be full-time students, and those who cannot afford on-campus university education. The Open University, is indeed a bold attempt by President Shehu Shagari's government to enhance the manpower development of Nigeria.

#### COMMUNICATION AND POSTAL SERVICES

The government realises the importance of an efficient communications network to national development. The Minister of Communication, Alhaji Akanbi Oniyangi promised on coming

The postal service also saw improvement in the completion of 23 departmental post offices out of which 10 offices have already been opened while construction work is in progress in another 179 locations. Six sub-post offices and 142 postal agencies were also commissioned. In the mail delivery service sector, five new routes were opened and an additional 52,900 private letter boxes were provided for use of customers to cut down on the delay caused by house-to-house delivery of letters.

The Domestic Satellite through which National Television Network programmes are transmitted daily has been completed in all 19 state capitals in Nigeria. This system is capable of generating radio

hospitals. There has been an increase in the number of doctors and nurses produced locally. The total input of students in medical schools has risen from 600 to over 1,000 in 1980. The broad objective of the Ministry of Health, whose Minister is Mr. D. C. Ugwu, remains the provision of adequate, efficient and effective preventive and curative health services throughout the country.

#### EXTERNAL RELATIONS

Africa remains the centre-piece of our foreign policy. Our role in the struggle for the independence of Angola and especially Zimbabwe, is well known. Nigeria continues to assist sister African countries in the training of some of their nationals by scholarships in Nigerian universities. Nigeria will continue to put pressure on South Africa to change its obnoxious system of apartheid and to grant independence to Namibia. Nigeria now has diplomatic relations with both North and South Korea. Professor Ishaya Adu is the Minister of External Affairs.

#### SPORTS

Nigerians love sports, football being the most popular. The National football team, the Green Eagles, emerged champions of Africa by winning the African Cup of Unity. It participated in the Moscow Olympic Games and played a 1-1 draw with Czechoslovakia which won the gold medal. It is still in the running for the World Cup series, the finals of which will be played in Spain in 1982.

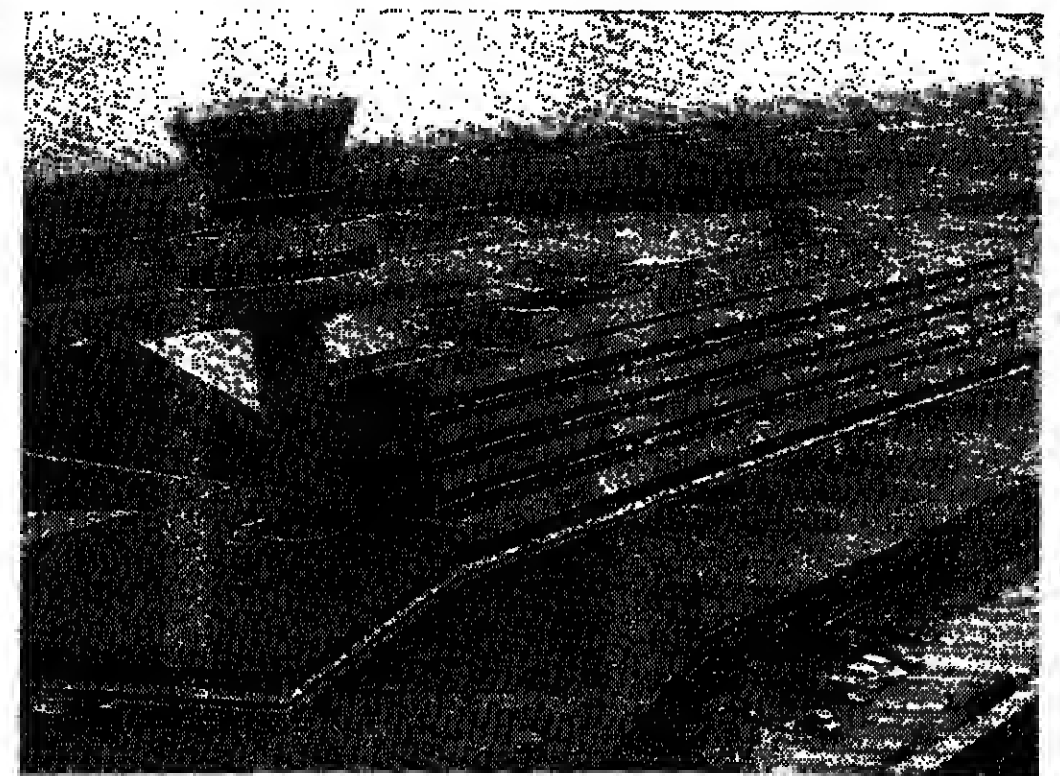
#### ECONOMY

All activities, recurrent and capital (development) depend on the State of the economy. For a number of years now Nigeria has been talking in terms of hilliness. However, as

ture for the 1980 financial year was pegged at N3.70 billion which showed an increase of 7.5 per cent over the previous

made known soon. In the industrial sector, emphasis has shifted to the establishment of small-scale

content and the quality of their human resources rather than military or economic prowess. After one year in office, the

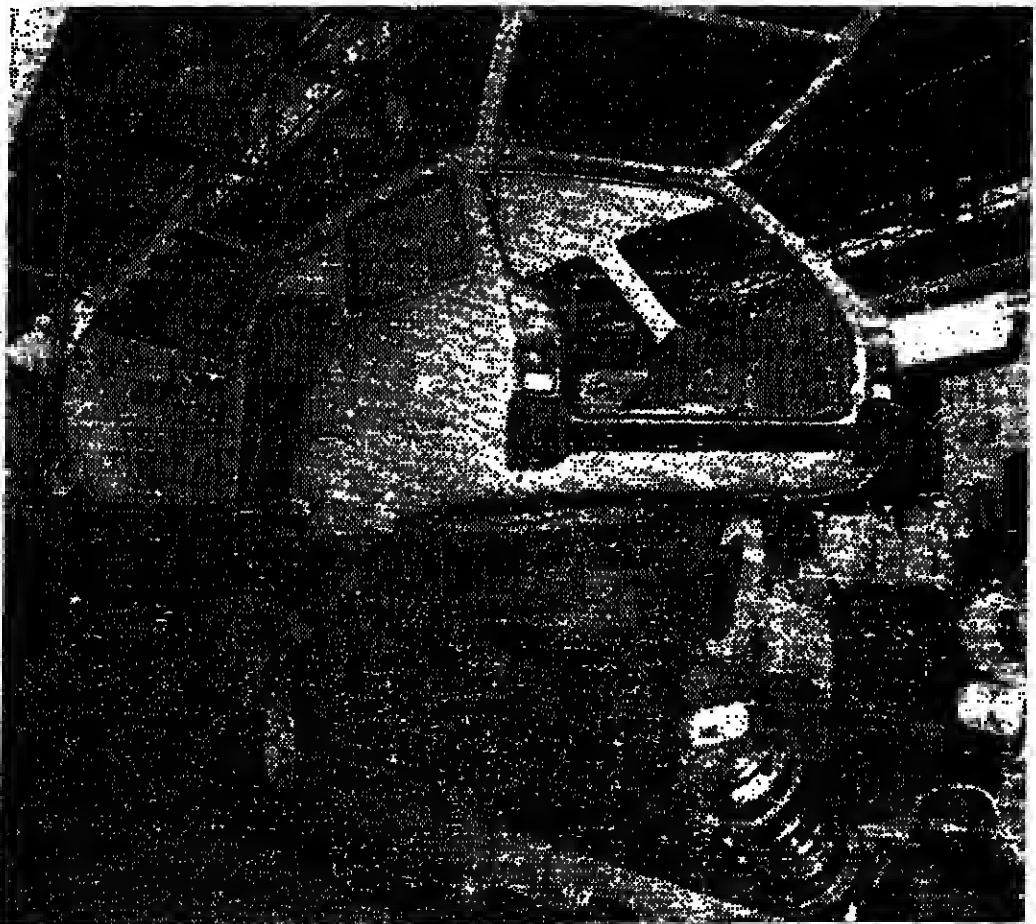


Nigeria's major international airport—Murtala Muhammed Airport, Ikeja

year's budget The percentage and medium-size industries for which substantial financial support will be given by the Nigerian Industrial Development Bank and the Nigerian Bank for Commerce and Industry which together, will benefit from the Federal Government loan of N90 million in the 1980 capital estimates.

Inflation is being battled and the government has resisted unreasonable demands for un-

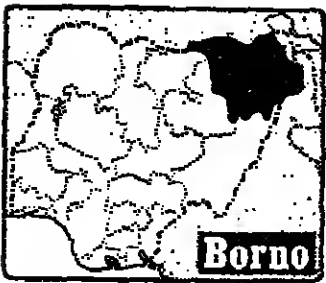
performance of President Shehu Shagari attests to this philosophy. Further information about Nigeria can be obtained from the Nigerian High Commission or Embassy or direct from the Federal Director of Information, Office of the President, Department of Information, Republic Building, Marina, Lagos, Nigeria.



Car assembly plant at Peugeot Automobiles Nigeria Ltd.



## Government grants keep Borno afloat, old rivalries are revived in Anambra and Rivers says it gets a raw deal



IN THE jagged hills above Gwoza in the south east of Borno State, nearly 200 people died in cholera in June this year before a medical team could bring things under control. An official report on the outbreak highlighted two of the biggest problems confronting the state—the lack of clean water and the weakness of local government.

The report said the cause of the outbreak was probably contaminated water which the hill people have been known to take from stagnant ponds or inside caves. But it also makes clear that fewer people might have died if the local Government had found out earlier and had resources available to tackle the disease.

Alhaji Mohammed Goni, the state Governor, said his administration was acutely aware of both problems. Water had received a four fold increase in its capital allocation in the administration's first budget, this April while N15m has been set aside for drilling boreholes and building small dams.

As for local governments, all the local government councils in the state were suspended when the new administration came to power, said the Governor. Fresh elections will probably be held throughout the federation next year and in the meantime, Borno has set up interim management committees to run local government affairs.

The state Government has also created four new local government areas bringing the total to 22. However, the new areas are unlikely to start functioning before they are approved by the federal Government and funds are available. The state Government says the shake-up should improve local government efficiency and bring democracy closer to the people but critics say the moves have been aimed only at increasing the political hold the state has over the local government.

The state Government replies that it is doing all it can to harmonise relations between the different parties within the state

by setting up Peace Committees at state and local government level. The Peace Committees will comprise members of the Great Nigeria Peoples Party which controls the state House of Assembly and the National Party of Nigeria, which is the biggest minority party in the state but which also has control of the federal Government.

Tension between the parties had been particularly bad after an incident, which became a national scandal, involving the leader of the GNPP majority in the state House of Assembly—Alhaji Shugaba Abdurahman in confused circumstances. Alhaji Shugaba was deported from Nigeria on the grounds that he was a citizen of neighbouring Chad not a Nigerian.

President Shehu Shagari had to intervene saying he was advised of the deportation order but a court case followed which found against the federal Government and ordered that

live for long," said a state government official. The population, estimated at 4.6m, depends increasingly on federal government grants. The nine-month budget from April to the end of the year anticipates only N22m in locally generated revenue while total grants from the federal government are N281m.

But the new administration has taken a lesson in prudence from the previous state military government. The last regime left no heavy debt burden or commitment to projects as did other state administrations. Although the Government budgeted for a deficit of N43.2m on a total budget of N288m, it decided to put a ceiling of 70 per cent on all capital allocations until it was clear whether the deficit could be covered. The state Government says the exercise has become somewhat academic, however, because the federal Government has been so slow in releasing

The poor soil, the lack of water and the gradual encroachment of the desert in the north have made the lot of the state's 85 per cent rural population an unenviable one. The demise of the groundnut crop has also deprived the state of one of its biggest agricultural export commodities.

Alhaji Shugaba be returned to Nigeria.

The Governor said he believed the Peace Committees would make the job of administering the state easier. It would allow the Government more time to devote to the immense problems of Borno, one of the poorest and geographically the biggest state of the federation with a land area of more than 116,000 sq km.

#### Poor soil

Sited in the top right-hand corner of Nigeria, it has a common border with Niger, Cameroon and Chad across Lake Chad. The poor soil, the lack of water and the gradual encroachment of the desert in the north have made the lot of the state's 85 per cent rural population an unenviable one. The demise of the groundnut crop has also deprived the state of one of its biggest agricultural export commodities.

"If Borno was made independent tomorrow it couldn't sur-

ing funds. The state blames administrative delays in Lagos for the slow arrival of funds and says that its own budget was voted through the House of Assembly in June.

The Governor does not believe that his state is being victimised because it is not being run by the majority party at the federal level. But he expressed his dissatisfaction with the proposals in the Government's White Paper on revenue allocation to the states which would give them some 30 per cent of total federal revenue.

According to the state Finance Ministry, there is little hope of Borno being able to put much life into its own economy and it badly needs more federal help—a cry which is heard in most of the 19 states. Borno says there is little chance of attracting industry because of its geographical position, although it is trying to encourage small local industries.

Borno has no natural

resources apart from the land and although the huge federally-funded Chad Basin Development will help one small corner of the state, the overall position remains bleak.

Yet the easy-going, largely Muslim, population of the state have made significant progress on one issue—education. Before the introduction of Universal Primary Education in 1977 only 12½ per cent of its school-age children were at school.

Education takes by far the biggest slice of the state budget this year with N85.7m. State officials believe school attendance may now be as high as 38 per cent, although figures tend to be inaccurate. A number of higher education institutions are also being developed.

But one key aspect of the development of primary education in Borno has yet to be realised. The responsibility for its administration, and organisation is meant to rest with the local governments, but in Borno, as in many other states, the low level of administrative competence at the local level has left control largely with the state education ministry.

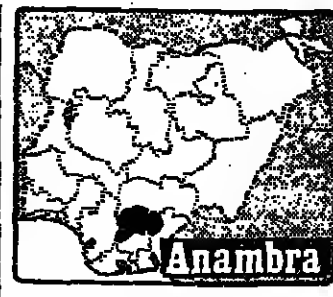
Reforms introduced by the military in 1977 intended that elected local governments should form an active third tier of administration. But the shortage of qualified people and the dearth of funds has all but paralysed local government in Borno, as in some other parts of the federation.

Borno's local governments were allocated N29m for the 1980 budget. If federal Government revenue allocation recommendations are accepted, this would probably double.

In the new constitution local governments are given considerably expanded functions: most of the current allocation goes on paying teachers and constructing classrooms, but the local governments are also expected to "provide and maintain health services," feeder roads, and the like—to say nothing of "naming roads and streets and disposing of refuse."

One secretary to a local government in Borno said his administration had neither the funds nor the manpower to carry out its current tasks, let alone take on more. And while funds may be a problem, the shortage of skilled manpower is a much more serious one.

M.W.



DROP THE word "dichotomy" into a conversation in Anambra State and you are likely to stir up a hornet's nest of political acrimony.

For "dichotomy" has become the shorthand catchphrase used to describe the hottest political issue facing Anambra's estimated 5m people—whether the State, which was only created four years ago, should be further sub-divided into two or even more "mini-states."

Debate about the creation of new States is raging across Nigeria, but in few places is the argument so fierce as in Anambra. To the outsider this is ironic, for Anambra lies in the heart of the country and its flat, well-watered countryside formed an integral part of the secessionist State of Biafra. The Ibo are generally known for their solidarity rather than internecine squabbling.

However, the creation of 19 States in 1976 by the then federal military Government has radically changed this picture. The division of the former Eastern State into two—Anambra and Imo—has re-

located political activity into much smaller units and has stirred up old, local rivalries which had been subsumed by a wider ethnic struggle.

In Anambra the most important of these rivalries is that between the people in the 15 northern Local Government Areas—the so-called Wawa group, based on Nankka and Emugu—and those in the eight southern Local Government Areas, based on Onitsha. The Northerners have long resented the Southerners for their greater educational advance-

ment and dominance of the Civil Service. The Southerners, long scornful of relative Wawa backwardness, resent the recent shift in power to the Northerners.

The result has been widespread calls for the division of the State into two: a northern bloc, which would probably be called Emugu State, and a southern one, which its supporters would like to name New Anambra.

Two other possibilities have been canvassed, though neither appears realistic: the creation of an Anoma State, linking Onitsha Ibo with those on the west bank of the Niger river in what is now Bendel State; or a State to be carved out of southern Anambra and parts of Imo.

#### Headache

The issue is a major headache for Anambra's new Governor, 40-year-old former businessman Jim Nwobodo, a smooth talking, dapper man whose official biography describes him as "tall, handsome and an acknowledged pace setter in men's fashion."

Mr. Nwobodo is a Northerner and has been accused by Southerners of discriminating against them, notably by filling senior civil service posts with his own kind. There is also resentment over the fact that he temporarily banned public meetings just when mass rallies were being planned to launch the New Anambra movement.

The Governor has tried to defuse the issue by setting up a commission of inquiry into the creation of States but the argument reverberates on: in August Mr. Nwobodo sacked his political adviser, largely as a result of the north-south dispute.

Passions were also enflamed by the Governor's plan to turn the Institute of Technology at Enugu into a university. Northern and southern factions began to fight over both the name and location of the new institution. There was an

acrimonious debate in the Anambra House of Assembly, where Mr. Nwobodo's Nigerian People's Party holds 73 seats in 12 for the National Party of Nigeria and one for the Great Nigeria People's Party.

The debate illustrated that the north-south divide cuts right across party lines. If anything, the NPP is more divided among itself than it is from the NPN, whose parliamentary leader, Mr. Oghobor Akpaka, is insistent on not opposing the Government for the sake of opposing, as happened under the old Westminster-style constitutional system.

But if north-south rivalries are dividing the people of Anambra, there remains a powerful force holding them together: a shared sense of economic disadvantage compared with other parts of Nigeria, a feeling that the Ibo are still suffering the after-effects of the civil war. "The state still bears the most pathetic features of the conflict, even a decade afterwards," the Governor has said.

Anambra can hardly be said to exude the air of bustling prosperity found in some Nigerian states. Emugu, the sleepy and rambling state capital, has a down-at-heel air.

The latest addition to the state's fledgling industrial base is the Anambra Motor Manufacturing Company (ANAMCO), one of four joint ventures across Nigeria between the federal Government and European heavy vehicle manufacturers. The ANAMCO plant, just outside Emugu, recently started production of Mercedes Benz trucks. The factory employs 1,200 people.

The Nwobodo Government is investigating the possibility of setting up glass, sanitary ware and ceramics factories and there is talk of Czech involvement in a metallurgical works. Major established industries include the Premier Brewery at Onitsha, Nigercem's Nkalagu cement works and Nigertel at Emene.

However, most of the people of this densely populated state remain on the land, with

cassava, maize, yams and rice as their main crops.

Anambra's new Commissioner for Agriculture, Professor Denis Ekpete, is planning a two-pronged campaign to raise production. His starting point is the belief that the state's Agricultural Development Corporation has for the most part failed to produce results. (One exception to this is its successful rice programme. A second rice scheme in the state is being run with World Bank assistance.)

Professor Ekpete's answer is to encourage the formation of limited liability companies for large-scale agricultural production, bringing together foreign expertise, state aid and local business. An agreement was recently reached on the first of such projects—involving a Brazilian company in the production of broiler chickens and eggs.

#### Small share

The second prong of his campaign is to encourage more efficient use of communally held village land through the establishment of so-called community farms of up to 1,000 hectares. The state would provide inputs such as fertilisers and buy much of the crop.

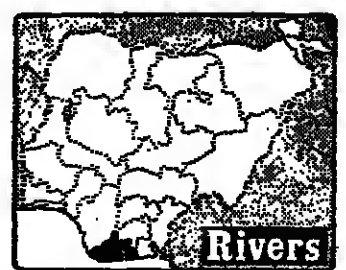
However, the Government is still devoting only a small share of its capital budget to the agricultural sector—N11.56m this year, less than 9 per cent of the total budget. The main thrust of the capital programme is on the provision of infrastructure, with N26m set aside for land transport and nearly N15m for town and country planning.

The capital budget for the nine months of the shortened 1980 financial year is N125m, substantially up on the N99m allocated for the whole of 1979. Recurrent revenue is expected to total N236m (N202m approved in 1979-80) but of this only N29m will be raised internally. Recurrent expenditure is put at N186m with N40m left over for the capital programme.

M.D.



Rivers state is a major oil producer, but the spin-off is unjustly small, say the state's politicians. They maintain that the state, which is criss-crossed with rivers and creeks, is more costly to develop than most and should have a greater share of oil revenue.



IF THE visitor to Port Harcourt, capital of Rivers State, expects to see an oil-bomb town thriving on petrodollars he will be disappointed.

Although the port itself, Nigeria's third largest, is a bustling and new international airport was due to open this month, the general air is of a run-down, rather seedy city. Few new buildings have gone up in recent years, and a four-lane highway into Port Harcourt comes to an abrupt end at a nondescript roundabout where traffic piles up. "If this were Lagos," complains one disgruntled resident, "there would be a flyover."

State politicians believe they have been getting a raw deal for the past two decades, and in every conversation the word "derivation" invariably crops up. At the heart of it lies the argument that revenue distribution by the federal Government should take account of the source of such revenue.

Were such a principle to be accepted, Rivers State would do

very well. It accounts for about a third of Nigeria's total onshore oil production, while much of the offshore output falls within what the state would like to claim as its "territorial" waters.

The Deputy Governor, Dr. Frank Eke, argues passionately that Rivers is getting a raw deal. "Oil from the Niger Delta," he says, "has contributed in the last decade no less than N50bn to the Nigerian economy." Less than 1 per cent, he maintains, has been returned to the area "for its physical and economic development. This is against natural justice."

The demands made by Rivers State (in addition to the existing formula) as set out by Dr. Eke are considerable: 10 per cent equity participation in oil companies; a "certain percentage" of marketing rights; statutory representation on the Nigerian National Petroleum Corporation Board; and a special fund, controlled by oil states, to meet the costs of compensation and rehabilitation when pollution occurs.

This last demand was given special force after a substantial oil spillage in January from a Texaco well some 70 miles west of Port Harcourt. Although the full extent of the damage from this and other, more recent spillages, is difficult to assess, it has undoubtedly ruined fishing on some stretches, poisoned the shallow water wells, and according to local press reports some villagers have died as a result.

The state Governor, Chief

Melford Okilo, angrily accused Texaco of neglect, declaring that had he the powers he would expel the company.

The oil reserves, argue local politicians, are a God-given compensation for the enormous developmental problems that the state faces. Its 25,000 sq km covers nearly three-quarters of the Niger Delta, crisscrossed by rivers and creeks, with a coastal area of dense mangrove forest. Communications are a major headache, for the nature of the terrain makes road building and maintenance especially costly. The land is also subject to flooding and erosion, clean fresh water is often hard to obtain, and the bulk of Rivers State's two million people eke out a subsistence living through agriculture and fishing.

#### All-party support

Support for the argument that a greater proportion of oil income should come to the state in order to improve living conditions crosses political boundaries—not surprisingly. The lengthy submission to the Presidential Commission on Revenue Allocation, making these and other points, was signed both by Chief Williams Jumbo, the National Party of Nigeria (NPN) majority leader in the House of Assembly, and the Minority Leader, Chief J. D. Osaroon, of the Nigerian Peoples Party (NPP).

It is a highly sensitive issue. The NPN, which won 26 seats last October, campaigned on a

local platform which strongly supported derivation—as did the NPP, which gained 15 of the remaining 16 seats. The election arithmetic of the victory last October of the NPN national leader, Shehu Shagari, was such that had his party not won Rivers, he would arguably not be President. Thus, the recently published report of the Revenue Commission places the state's NPN leadership in an embarrassing position which their rivals will certainly exploit.

Its recommendations, far from moving towards such demands (which would be strongly opposed by non-oil states on the ground that they would get a smaller share of the national cake) have further eroded the derivation principle. Even before the Commission's report was published, Governor Okilo had adopted a tough and angry stance. In an interview earlier this year he warned that "a condition in which there is extreme poverty in the midst of plenty has the potentials of revolution."

That is the language of a politician under pressure, and no doubt should be treated cautiously. But many would agree with the Governor when he was speaking in more measured tones at a seminar in July this year, when he described derivation as "one of the most sensitive political issues in this country." It seems certain to remain so.

M.H.

## NIGERIAN NATIONAL SHIPPING LINE

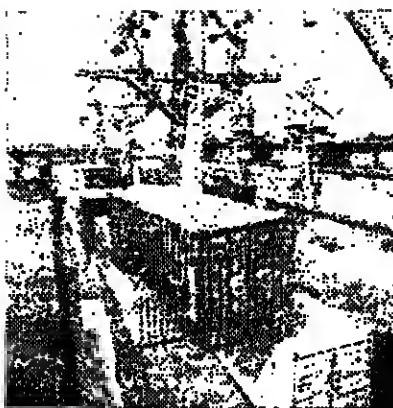


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# Improving services is President's priority

"WITHOUT AN efficient communications system the economy as well as the life of this country would be paralysed," President Shagari said in his budget address last March, and promised that his Government would take "every possible measure" to put right a generally "unsatisfactory situation."

At first sight it might seem extraordinary that a country which has spent billions of Naira on the transport and communications sector should enter the eighties with most rural roads in poor shape, a railway system which until a year or so ago was totally unreliable, an inefficient airline, and an unreliable inter-urban phone system.

As the 1975-80 Development Plan acknowledged, the sector makes one of the heaviest claims on capital develop-

ment funds. Between 1962 and 1968 it consumed a fifth of capital outlay. This rose to a third of the 1970-74 public sector capital programme, while a massive N7.3bn was allocated during the 1975-80 Plan period.

But two major events created severe problems, which were compounded by an acute shortage of trained technical manpower—which remains a serious handicap. The civil war took a severe toll of the sector and the emphasis in 1970-74 was the reconstruction of damaged roads and bridges. But this was followed by the oil-led boom of the mid-seventies and the infrastructure simply could not cope.

Among the priorities of the Third Plan were to ease the appalling traffic jams in the capital, Lagos, and set up

sound inter-state highways; to end the expensive and embarrassing congestion at Nigerian ports; to arrest the decline in the railway system; and to improve internal and international telecommunications.

Actual performance has fallen short of the targets, partly because there simply is not the technical capacity to draw up, implement and maintain projects and partly because of financial constraints following a period of falling oil revenue after 1977.

Nevertheless, much has been achieved, as the articles in this section indicate. The port congestion is a nightmare of the past and the Nigerian Ports Authority is confident it can cope with the expected increase in traffic in the years ahead.

While there are still "go-

slows" in Lagos, visitors and residents alike agree that the highways and flyovers have made an enormous difference.

Traffic is slowly starting to return to the railways after the injection of Indian management and technical skills.

Although telephone calls within Lagos and the country are still frustrating, the international service has seen a dramatic improvement.

Despite the management contract Nigeria Airways retains its reputation for delays, cancellations and overbookings.

Quite rightly, the emphasis in the five-year plan ahead is the consolidation of this infrastructure, with particular attention to feeder roads—essential if the "Green Revolution" is to succeed—and the railways.

M. H.



Lagos harbour: The Nigerian Ports Authority has developed a ports system capable of dealing with current throughput and has expansion plans in progress

## N1bn dock expansion outlay keeps pace with demand

### PORTS

ENGRAVED ON the hearts of senior officials of the Nigerian Ports Authority (NPA) must surely be the year 1975. Even today they still wince when asked to recall the time when, mainly due to massive and unco-ordinated orders by the Defence Ministry, some 400 ships endured a turnaround time of 180 days, forming a floating city that was costing the country N2,500 a day in demurrage charges for each cement vessel delayed beyond 10 days.

But when the Authority celebrated its 25th anniversary this month, it was able to look back with justifiable satisfaction on developments over the past few years which have left Nigeria with a port system capable of coping with the current throughput and with expansion plans well under way.

Between 1962 and 1979 over one billion Naira has gone into

rehabilitating old ports and building new facilities. Publicly owned mainline barbas have quadrupled from 14 in 1960 to about 60 in 1979 and cargo handling has tripled from about 6m tonnes in 1971 to an estimated 18m tonnes (excluding petroleum oil) in 1979-80, with the prospect of handling 27-30m tonnes by 1985.

When the NPA, an autonomous public corporation, was created in 1955 only Lagos and Port Harcourt came under its control. The Authority has since assumed responsibility for the Delta and Calabar complexes as well, during a period of development which has fallen into four phases.

Under the 1962-68 National Plan, Lagos and Port Harcourt were expanded, giving extra quay length, modern warehouses and mechanised cargo-handling, as well as the installation of a floating dock with a 4,000-tonne lifting capacity which was installed in Lagos.

But the civil war, which broke out in 1967, set back progress. All ports except Lagos were closed to traffic and some of

the facilities in the east were damaged. The federal military Government empowered the NPA to take over privately owned ports—Warri from Hots Transport, Burutu from UAC Nigeria, and Calabar from five operators. The third stage, from the end of the war in 1970 until 1972, the Authority embarked on a rehabilitation programme which nevertheless left Nigerian ports unprepared for the deluge that was to come in 1975-76.

Some 9.5m tonnes then poured through the ports which had an official capacity of 4.1m. Among the short-term measures adopted by the NPA was the introduction of Ships Entry Notice (now a mere formality) designed to rationalise sailings to Nigeria, the provision of a lighterage service in Lagos harbour, the acquisition of 160 lighters to facilitate mid-stream discharge of cargoes, and the installation of additional mooring buoys.

At the same time, the Authority moved from planning to implementation of an impressive number of major pro-

jects, which include:

- Tin Can Island port, Lagos, built at a cost of N190m, with a quay length of 2,500 metres, capable of berthing 15-20 vessels at a time, and with two roll-on roll-off (ro-ro) berths.
- Third Apapa wharf extension, Lagos, giving an additional 1,500 metres of quay including a modern container facility.
- Calabar new port, costing N82m, with a quay length of 860 metres.
- Warri Port, officially opened in June 1979, serving the Delta, central and northern parts of Nigeria, and strategically placed to service the petroleum oil companies, petro-chemical industries, the proposed Ajaokuta steel complex as well as the new Federal Capital Territory of Abuja.

- Kiri-Kiri lighter terminal, Lagos, consisting of two terminals built at a cost of N22.2m, with total quay length of 1,780 metres.
- Ikrocin lighter terminal, also at Lagos, with a quay length of 1,100 metres and costing N20m.

- Onne lighter terminal, Port Harcourt, N19m, which will provide discharge facilities for building materials for the new Onne Ocean Terminal. The N130m Onne project, on which construction has begun, will cater for the coke-iron and iron ore needs of the Ajaokuta mill.
- Tarkwa Bay, where work is under way on a N22m tanker jetty project, in conjunction with the Nigerian Petroleum Corporation, while a N10m expansion has been completed at Okrika jetty.

The oil facilities enabled Nigerian ports to handle 102.4m tonnes of crude and 1.3m tonnes of refined oil in 1978-79.

Meanwhile, general cargo levels are beginning to pick up, though most ports still have spare capacity. The congestion

of 1975-76 was followed by a sharp fall in traffic as a result of import restrictions imposed by the military Government. In January last year the administration introduced the Comprehensive Import Supervision Scheme, commonly known as Form M, which was designed both to end false invoicing and to conserve foreign exchange.

The result was a continuing slump in traffic, but for the past few months activity has been on the increase.

In the budget of March this year the scheme was modified, and industrial raw materials and spare parts were exempted from pre-shipment inspection, and these and other goods are starting to flow in. Thus in April this year the 589,000 tonnes brought in through Lagos represented a 56 per

cent increase on the same month last year.

Although the Fourth National Development Plan 1981-85 has yet to be published, the Government's Guidelines indicate that more attention will be given to a neglected section of the Nigerian transport system—the inland waterways.

The system consists of the Niger, Benue and Cross Rivers, and a network of creeks along the coast. In the early 1960s over 300,000 tonnes of cargo were moved along these routes but traffic came to a halt during the civil war and it has never recovered.

The target under the Plan Guidelines is to reach round trip navigation of the rivers throughout the year, though most officials believe that the

enormous amount of dredging and maintenance of cleared channels that would be required makes this achievement unlikely. But the Government is planning 14 river ports along the creek areas and major rivers, and this should give impetus to the Central Inland Water Transportation Company, owned jointly by six state governments.

The federal Government agency responsible for the management of inland river routes is the Inland Waterways Department of the Federal Ministry of Transport, but its officials, though enthusiastic about the potential of the Niger and Benue, fear they are low in the Government's transport priorities.

M. H.

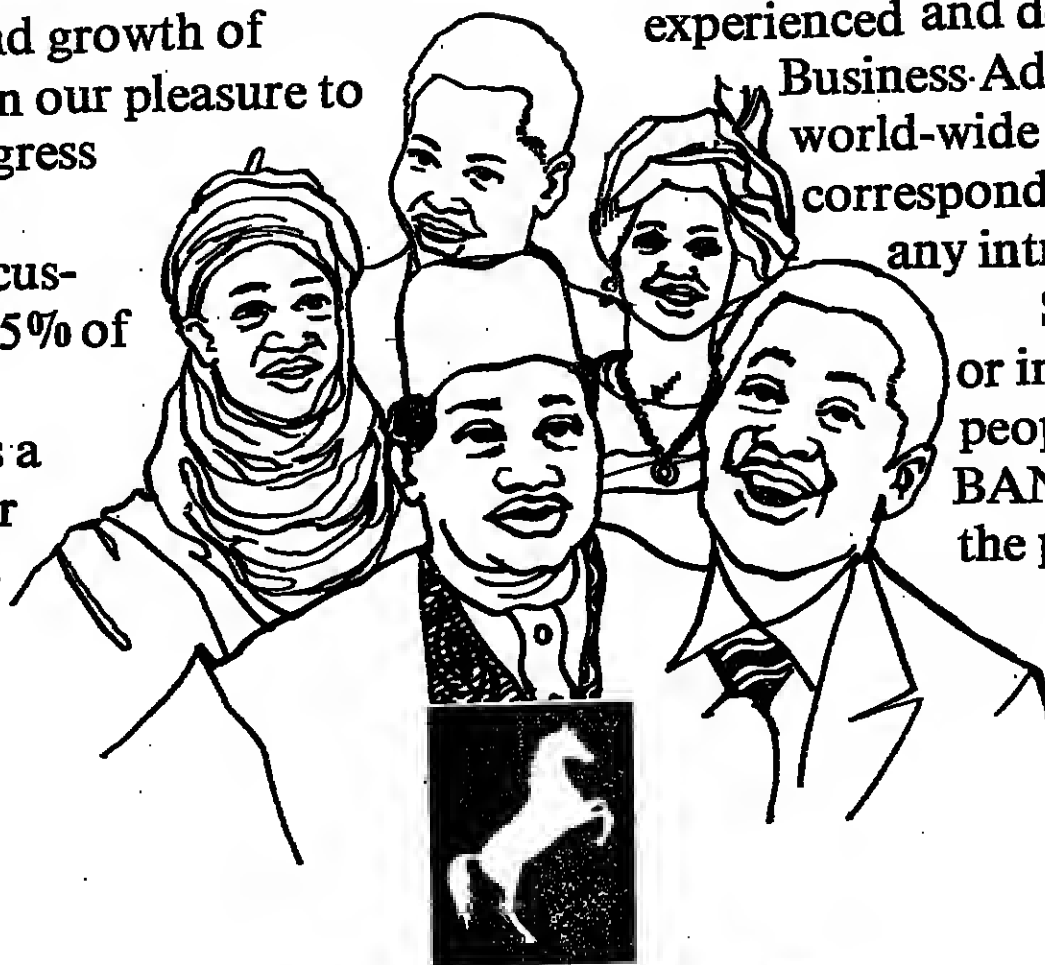
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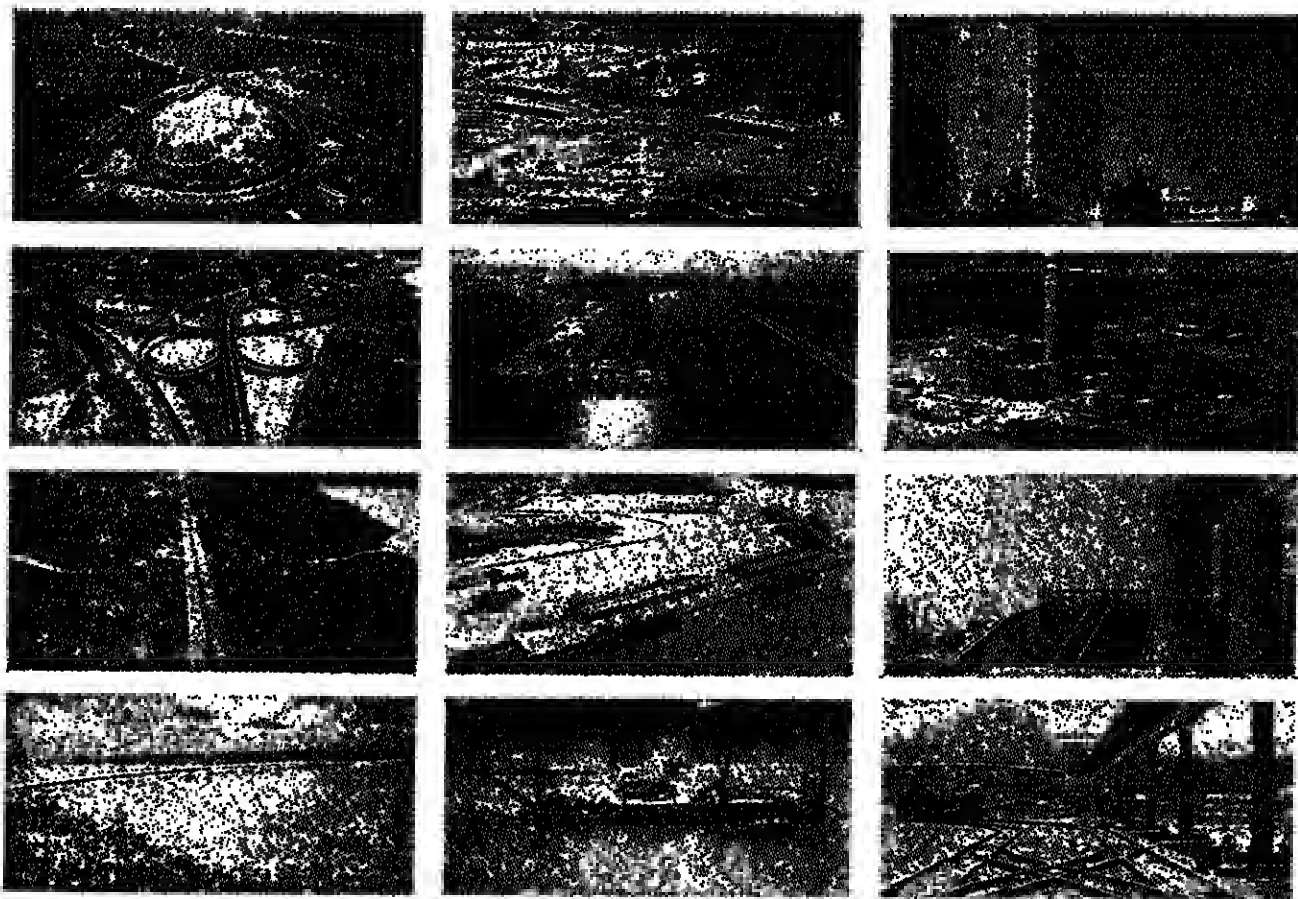
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## NIGERIA XXXVIII

## COMMUNICATIONS

### Highways good—as far as they go

#### ROADS

SWEEPING OVER the flyovers of Lagos and speeding down the expressway to Ibadan are deceptive experiences. True, the worst of the congestion in the capital is over—though traffic jams, or “go-slows” as they are known locally—are still frequent, with cars and lorries tending to pile up at exits and entries. And a determined—or foolhardy—motorist can reach Ibadan in little over an hour.

But despite the massive investments over the years which have brought such spectacular results in and around Lagos in particular, the road network still leaves a great deal to be desired. Maintenance work is not keeping pace with the impact of weather and the pounding that comes from thousands of overloaded lorries, while in the countryside the poor state of rural feeder roads have been described as one of the most serious constraints to agricultural development in Nigeria.

The highway system falls into three categories. Trunk roads, maintained by the federal Government, link the states and are the routes to neighbouring states. The 19 states themselves are responsible for the roads running between the main towns, and the local government authorities take charge of roads which are mainly in the rural areas. During the Third National Development Plan, which runs out this year the road system took up about three quarters of investment in transport. As the railway system declined (for reasons explained in the article on the Nigerian Railways Corporation) and roads improved,

the percentage of goods carried by road rose from about 77 per cent in 1970 to over 90 per cent by 1978.

And although some 17,000 km of the 29,000 km Federal trunk road system is paved, the remainder is gravel or earth, many sections of which have deteriorated and are open only in the dry season. Of the 26,000 km of state roads, few stretches are paved and most routes are in poor condition, while the 43,000 km falling under the responsibility of local authorities—and which have to be used by farmers if they are going to get their crops to

market—are generally no better than ill-maintained earth tracks.

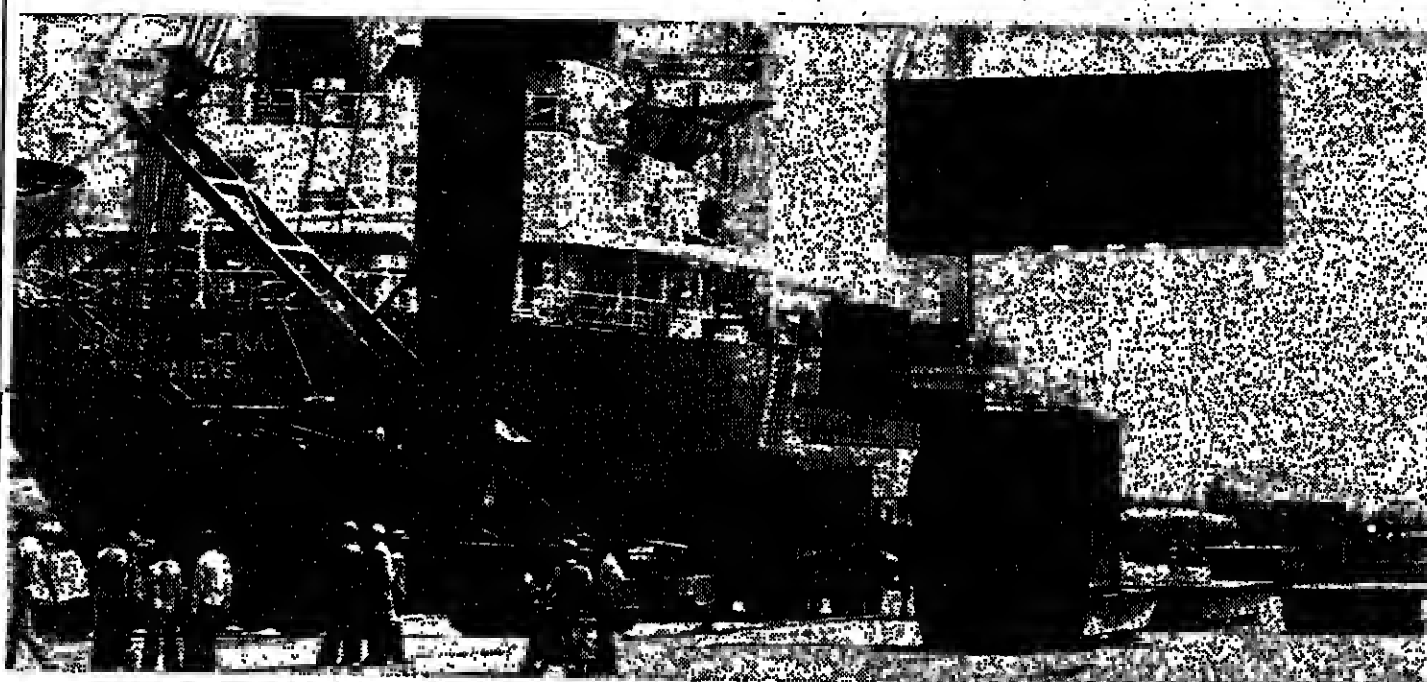
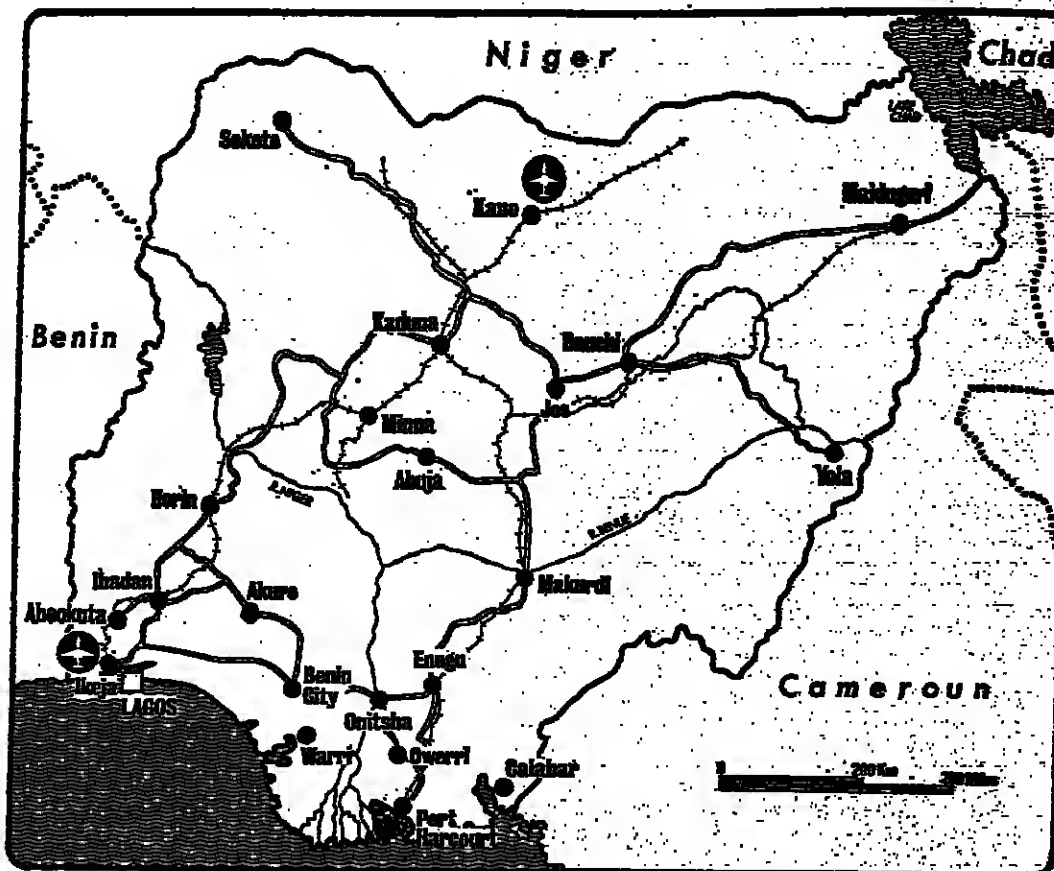
The main problem faced is increasingly heavy traffic, both in volume and weight, on roads which for the most part were not designed to cope with it. The national fleet is estimated to have increased at an average annual rate of 33 per cent between 1973 and 1978 to about 550,000 vehicles.

Lorries plying their trade from the main ports at Lagos and Port Harcourt, travelling upcountry, are invariably overloaded, carrying loads up to twice the maximum allowed. Weighbridges are now being

installed on the most heavily used sections but they will have to be carefully maintained and monitored if they are to have any effect.

Work continues on the routes which will link Nigeria with trans-continental routes. The Nigerian section of the Trans-Saharan highway, running from Lagos to Kano in Niger will soon be completed. It is part of the projected Trans-African highway which will eventually run from Algiers to Lagos and eastwards through Cameroon and across Africa to the Kenyan port of Mombasa.

M. H.



### Second feather in the railways' cap

#### CONTAINERS

TOWARDS THE end of last month a single container made a trail-blazing journey. In 10 days it made the return trip Apapa Port, Lagos to the northern city of Kano where the contents were unpacked.

The journey, which should be reduced to eight days, marked the formal opening of Inland Containers (Nigeria) Limited (ICNL) service to its recently built depot at Kano, served by a private railway siding. It marked the successful culmination of joint efforts by ICNL, the Nigerian Railway Corporation (NRC) and the Container Terminal Company (CTC) at Apapa, which is managed on behalf of the Nigerian Ports Authority (NPA).

ICNL itself is a joint venture between the National Insurance Corporation of Nigeria (NICN) and Ocean Transport and Trading Limited of Liverpool. The depot is built on 14 acres of NRC land in the centre of Kano, with a further 14 acres set aside for expansion, and an initial capacity of 2,000 TEU movements a month.

One of the great advantages of the Kano service is that it receives the sealed containers under bond, and customs inspection takes place not at the docks but at the depot. Further, as ICNL managing director Aidan Bristow points out: “Conventional cargo is usually handled at least 10 times between leaving the production line and landing at Apapa quay, and many more times before finally reaching the consignee. Average losses due to damage and pilferage run at 10 per cent. Goods packed in a container are handled twice—once in and once out.”

For NRC, battling to recover traffic lost to lorries in the mid-sixties, it is a second feather in its cap. The first chance for Nigerian Railways to prove that it was capable of handling container traffic came in 1979.

The budget that year brought in a regulation declaring that companies would have to discontinue airfreighting goods and raw materials unless they could show there was no feasible

alternative. The company most affected was Peugeot, which at the time was chartering 20 UTA Boeing 707s a week from Lyons to Kano carrying CKD packages for their assembly plant in Kaduna, which turns out 170 vehicles a day.

The ramifications were considerable and the Government's decision was badly received. The route accounted for about 15 per cent of UTA freight receipts, and the bulk of freight traffic at Lyons-Satolas was devoted to the 1,000 tonne-a-week Peugeot airlift. The French car company argued that it was the only reliable form of delivery.

But the NRC, by then under the management of Rail India Technical and Economic Services (RITES), and the NPA proved well able to cope. The first container shipments began in October 1979 with the movement of the Peugeot CKD parts in 20 foot containers from Apapa to the Peugeot factory siding at Kaduna. Today NRC delivers more than 50 containers a day.

Containerisation in Nigeria has come a long way since 1968 when the first substantial container vessel landed just over 1,000 tonnes of general cargo at Apapa, where from an improvised container berth the shipment was taken in trailers to the Lily Pond depot at Igbo.

Today out of a total quay length of 1,600 metres, built as part of the Third Apapa Wharf extension project, nearly two-thirds is designed for container traffic with a double end roll-on roll-off berth. It can handle annually 320,000 TEU containers with about 4m tonnes of cargo. Lily Pond now provides over 103,000 square metres of stacking area and the operation is handled by the Container Terminal Company. Its five-year contract with the Ports Authority runs out in October this year and is under renegotiation.

The Kano and Kaduna operations, however, are atypical even though they provide encouraging examples. The bulk of the container cargo is unloaded in Lagos on to lorries, and NTC has yet to make significant inroads into this traffic. A further problem is that most of the containers return empty, reflecting the dependence of the economy on oil for foreign exchange earnings.

M. H.

Containers being unloaded at Tin Can Island, Lagos. Container traffic is increasing, particularly from the modern facility at the third wharf extension, Apapa. But most containers return empty to Europe, reflecting the dependence of the economy on oil for export earnings.

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## NIGERIA XXXIX

## COMMUNICATIONS

## FASTEN YOUR SEAT BELTS—IT'S BOUND TO BE A BUMPY RIDE

THE SWEATY, jostling stampede began even before the Nigeria Airways Boeing 737 from Lagos touched down. Nearly 200 hopeful passengers competing for 136 seats had taken up their starting positions crammed around the exit of the small Port Harcourt terminal, spilling out onto the verandah. As the jet dipped down to land, the crowd moved as one, led by experienced travellers who had a shrewd idea of where it would come to rest.

Under the glare of floodlights, oil gas flares flickering

on the horizon, rain drifting down, we pelted across the tarmac as fast as hand luggage would allow. But the real test was yet to come. As the gangway was rolled into position the throng pressed around its foot, some surging up the steps even before it reached the side of the plane. Others clambering up the side. Would-be boarders were repelled by the airline stewards by a combination of brute strength and persuasion: clearly until passengers had disembarked, we could not get on.

Crushed against the side of the gangway, I was unable to move. Efforts to extricate myself provoked angry noises from fellow passengers who suspected that I was manoeuvring myself into a better position from which to make the final assault on the gangway. Neither the experience of being swept down the steps by the Arsenal crowd at Highbury without my feet touching the ground or a 100,000 strong political rally in Zimbabwe was quite so alarming.

Nevertheless, I made it,

propelled into the cabin like a cork from a bottle, dazed and battered. The plane filled rapidly. From outside came muffled, angry noises of unsuccessful travellers. Through the cabin windows we lucky ones watched them trudge disconsolately through the rain, back to the terminal building. The outward journey had been tolerable. True, the 0815 from Lagos to Port Harcourt was cancelled, but assurances that the next flight would leave at 1100 proved correct. Nor was the journey across the tarmac so

harrowing. The leisurely first steps changed first to a brisk walk. Then somebody's nerve snapped under the strain of wondering whether the plane was overbooked. He started jogging. We all jogged, and covered the last 30 yards at a brisk trot.

That experience did not prepare me for the return journey.

News that the 1725 Port Harcourt-Lagos flight had been cancelled was chalked up on the departure board. When I arrived mid-afternoon,

One flight had already been cancelled. The next—and last—flight in Lagos was due to leave at 1920. At 2000 passengers were asked to check in. The chaotic scramble was admirably resolved. The duty official took out his megaphone and began calling out the boarding list.

Travellers greeted the announcement of their names with the enthusiasm of successful ticket holders in a lottery. Lucky ones laughed with relief and delight, had their backs slapped by friends

and relations who had come to see them off. The rest looked on enviously and anxiously, ears cocked for the next name.

The terminal settled down to wait. Those without boarding cards appeared undeterred. They would make a dash for the plane anyway. The clock ran out of Star beers. Fans revolved above in the warm humid air. Outside the rain beat down. Passengers wandered through the ticket office, behind the counter, buttonholing officials,

putting their heads round the door of the radio room. No news from Lagos. Taxi drivers looked cheerful.

At 2145 the address system clicked. "The plane from Lagos will land at 10 o'clock." The crowd came to life: we landed at Lagos shortly before midnight.

So businessmen be warned. If it is essential that you keep your 10.30 appointment in Kano and be back in Lagos that evening, seriously consider a charter flight.

M. H.



The Murtala Muhammed International Airport, Lagos, was opened last year. Although it is still wise to check-in two hours before departure, passengers now wait in air-conditioned comfort

## KLM team tries to revamp services

## NIGERIA AIRWAYS

THE MAN responsible for the running of an airline that has long been the target for attack from Nigerians and expatriates alike wears an air of long suffering patience. Mr. Jan Smit heads the KLM management team which, somewhat to its surprise, learned in July last year that it had been awarded a two-year contract to put Nigeria Airways to rights.

The surprise was due to the fact that the Dutch airline was under the impression that the terms of the contract were still under negotiation. Nevertheless, 18 KLM officials due to rise to 30—formally took over at the end of September last year a chronically inefficient service which had not shown a profit for several years (accounts are still two years behind) and was notorious for over-booking, delayed and cancelled flights, and poor staff service.

In essence their brief is to revamp the management and train Nigerian staff, but it is a demanding task which has not been made easier by an unclear relationship with the outgoing board and lengthy delays in obtaining urgently needed funds.

Nevertheless, Mr. Smit, new Nigeria Airways' general manager, answers travellers' tales from Port Harcourt with an impressive array of statistics which suggest that services have improved—though he acknowledged that cancellations and delays in recent weeks have been running much higher than usual because of maintenance work on four Fokker 28s in the fleet.

Figures comparing the second quarter of this year with the same period in 1979 (when Nigeria Airways were under the former management) show that while using the same number of planes domestic flights increased 29 per cent, passengers carried were up 40 per cent, and delays were reduced to an average of 40 minutes—down 42 per cent.

International service (which includes nine flights a week to London and a weekly non-stop

Lagos-New York run) also improved over the same period, with 11 per cent more flights, 25 per cent more passengers, and average delay falling from 88 minutes to under an hour. But Nigeria Airways still cannot win. As Mr. Smit wryly notes, passengers who used to build-in the usual delay into their calculations about when to leave the house have turned up at the airport to find that their plane has left on time—and then have the effrontery to complain to airline staff.

He also points out that Nigeria Airways is a victim of the very factors that have contributed to the massive rise in internal air travel over the past few years—poor communications. Many passengers are going by air because letters take ages to arrive, roads are hazardous, it is easier to phone a business colleague in Kano, telex links sometimes break down, and until recently the train service was unreliable and painfully slow.

Meanwhile, the new management is rationalising the 27 strong fleet it inherited, made up of two DC 10s, three Boeing 707s, two Boeing 727s, two Boe-

ing 737s, eight Fokker 28s and eight Fokker 27s, with a further two Boeing 737s on lease. Four of the Fokker 27s have been sold and the rest will go next year. The intention is to reduce the number of different planes to a maximum of four by 1984, which will reduce maintenance and training costs.

New short and medium-range aircraft have been ordered. Four Boeing 737s costing about N22m are to be delivered between August and November 1982, and a proposal to buy four Air Bus Model A 310s for delivery in 1983 and 1984 is under consideration.

For the international traveller, the opening last year of the Murtala Muhammed Airport at Ikeja, Lagos, has ended the nightmare experience of arriving at the old cramped, ill-equipped terminal. Although it is still advisable to check in two hours before departure, one queues in an air-conditioned building with clean toilets, restaurants and snack-bars, and all but free of the aggressive touts posing as porters who conned many a previous visitor out of his suitcase.

Sokoto International Airport opened in January, and the new

Port Harcourt Airport at Omagwa, which will take domestic and international flights, was scheduled to open this month, both developments being part of Nigeria Airways Authority's (NAA) efforts to upgrade facilities throughout the country.

But intending travellers via Kano should beware: only four counters are available for the check-in of domestic and international flights, while the terminals at Benin and Kaduna are little better than sheds built at a time when they handled a tenth of the present traffic.

One of the most frequent sources of complaint—over-issuing of OK status tickets—should be reduced when Nigeria Airways introduces a computerised reservation system at the beginning of 1981. But over-issuing is a symptom of one of the airline's major problems—a shortage of trained manpower, and KLM officials believe they will need to have longer than the two years allowed in the terms of the existing contract if in-service training, backed by courses in Amsterdam, are to show results.

M. H.

## Dialling the world

## PHONES

MUCH TO the relief of the business community, international phone and telex links are getting better all the time. Which is some compensation for the erratic Lagos phone system, the difficulties of getting through to state capitals, and an unreliable postal service.

It is now possible to dial direct to a host of capitals and business centres throughout the world, including London and other British cities. External communications have come a long way since September 4, 1980 when the Africa Direct Telegraph Company Limited provided the first public tele-

graph service linking Lagos to the outside world. In those days a cable en route to London would well be handled by three different companies—the Africa Direct, the Brazilian Submarine Telegraph, and the Eastern Telegraph Company.

But in 1979 these were merged under what was to become Cable and Wireless, which operated Nigeria's external telecommunications until December 1982, when the Government formed Nigerian External Telecommunications (NET). Today the company is housed in the splendid N30m, 37-storey NECOM House opened in January 1979 and offering from its upper floors a breath-taking view of Lagos.

NET provides a wide range of services—private leased circuits, facsimile facilities, transmission and reception of real

time television programmes via satellite and telex and telegram links. Extelcom's intention is to provide the equipment and expertise which will not only link Nigeria with the outside world but will make it the major communications centre for West Africa.

As is so often the case in developing countries one of the biggest obstacles is a shortage of technicians and skilled manpower. Nevertheless, much has been achieved over the past few years. The number of Lagos-London circuits has increased threefold since 1978 to 120; circuits to Frankfurt will soon double to 16, while the capacity of other European and North American routes is steadily expanding.

Submarine traffic is also increasing. The West African cable project was completed in July 1980 and is now carrying calls to Abidjan, Dakar and Paris, and though not in operation a link-up with Ghana, Liberia, Sierra Leone and Mali is technically feasible.

A major project that lies ahead is the earth satellite station at Kaduna, and work is expected to start before the end of the year. A second important development, which should take place in the next 12 months, is the opening of circuits to Kenya. The hope is that this will lead to improved services with East Africa as a whole, for Zambia, Zimbabwe, Uganda, and Ethiopia will be able to route their calls to Lagos via Kenya.

## Trifling

These and other developments have not been without snags. Telex machines are frequently cut off, and if the direct lines are busy, it can take a long time to rouse the international operator. But these are trifling complaints compared with internal phone links, which are the responsibility of the Department of Posts and Telecommunications.

The current programme under the Third National Development Plan has fallen woefully short of the target of over 750,000 lines by the end of the year. Some 12,000 additional lines were installed between 1974 and 1978, bringing the total to about 78,000. The targets were 23,000 new lines by mid-1979, 101,000 by the end of January 1980 and 50,000 by mid-1979, bringing the overall total by early 1981 to about 188,000. Even this is now regarded as an unrealistic figure.

Apart from the desperate need for trained staff, many of the existing exchanges are obsolete, the cables are old, and the result is frequent breakdowns which create a major stumbling block to business efficiency.

As for the postal services, "there is much to be desired with respect to speed, coverage and reliability," as the Plan Guidelines tactfully puts it. The reasons add up to a postman's nightmare: "... rapidly growing but largely unplanned urban centres... up-to-date maps are unavailable; streets are often unnamed and where named these are not registered with the authorities and house numbering where they exist are often left to the whims of individuals," ruefully notes the Guidelines.

However, mail destined for abroad fares rather better, provided it is posted at the main offices in the larger centres. But a businessman wanting to get documents to London or elsewhere would be well advised to use one of the many air-freight services.

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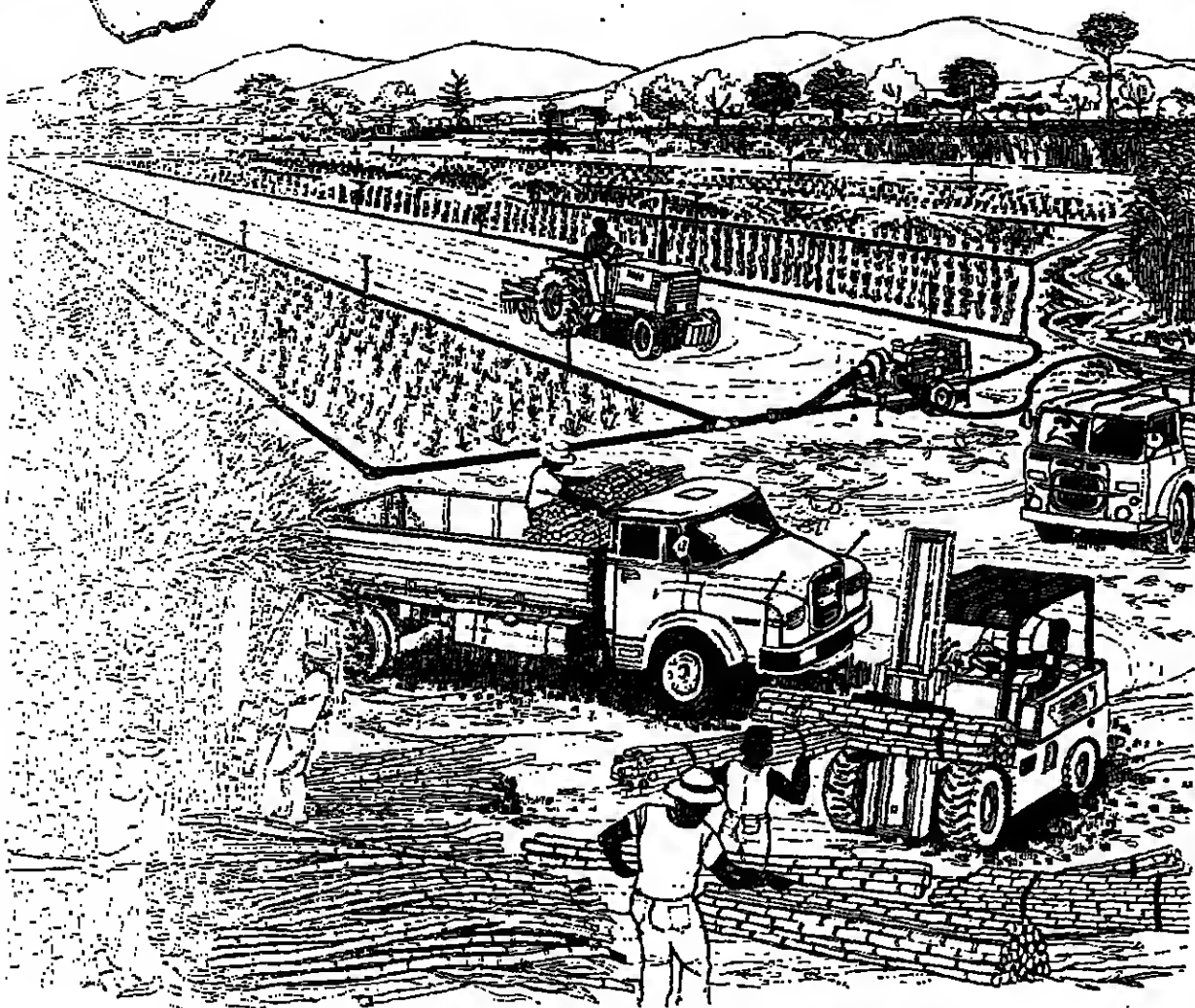
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AFRICA PROVIDES some memorable train journeys: Dar-es-Salaam to Kapiri Mposhi on the Tanzania-Zambia Railway, the luxurious Blue Train from Johannesburg to Cape Town, and the overnight journeys from Nairobi to Mombasa and Bulawayo to Victoria Falls. Rail buffs should add the thrice weekly sleeper service on the Lagos-Kano route to this list.

And it's no ordinary sleeper. For a start, it is air-conditioned, and stepping from the clammy heat of the

coast into the cool of the Japanese built carriage is a marvellous experience in itself.

Meals are served in the spacious compartment—which has a cubicle containing toilet, hand basin and clothes cupboard, while a shower room is half-way down the carriage. Bedding is provided, and the carriage attendant lays out fresh towel and soap.

The Nigerian constitution may owe much to the United States, but English breakfasts on Nigerian Railways have survived: fruit juice, eggs to

order (including savoury omelette), baked beans, bacon, sausages, toast and marmalade, tea or coffee. A Harp beer or a bottle of nicely chilled Matens Rose can accompany lunch and dinner.

The courses may take a while to come—and sometimes in the wrong order—but they are produced with good cheer by men who work out of a hot and cramped galley.

Perhaps the term "Express" is somewhat misleading, for the 700 miles takes some 31 hours, pulling into Kano at

six the next evening. But one can cut hours off the journey by boarding at Ibadan (an hour and a half from Lagos by car) shortly before five in the afternoon.

Go prepared with books, a cassette player, something to nibble (my companion found the "curried beef" rather tough), bargain with scores of traders at every station, and watch the countryside change from the lush coastal forest to rolling, more open countryside as you ride in comfort through the heart of Nigeria.

M. H.

## Trains now run to a timetable

WITH A flourish, Mr. Darba Harriram produced the Nigerian Railway Corporation (NRC) 1980 timetable. For the past 10 years no such guide has existed—an indication of the run-down state the 3,505km network had reached when Mr. Harriram and his colleagues from the Rail India Technical and Economic Services (RITES) took over in January last year.

Today the traveller can leave home to catch the 19.08 from Anchua to Zaria reasonably confident that it will leave on time and will arrive as scheduled at 21.00. For Peugeot's 170 vehicles a day assembly plant at Kaduna, 900km inland from Lagos, it means reliable daily delivery of 50 containers holding CKD kits which until last year were air-freighted from Lyons in France.

Although Rites (an Indian Government-owned consultancy) assumed responsibility in January, accommodation problems delayed the arrival of their full complement of 36 members of the management team and a task force of about 400 technicians until July-August, 1979.

Their first task—having been forewarned by an advance study group—was to sort out the chaos at the loco and repair sheds at the headquarters at Ebute Metta, on the outskirts of Lagos. Some 250 wagons were discovered, uncategorised, loaded with packing cases containing some N12m worth of spares and equipment. "It was like finding a gold mine," exclaims the enthusiastic Mr. Harriram, pointing out that the delay between seeking Government approval for orders of spares and their arrival can be between 12 and 18 months.

"The formula has been making use of what we found, improvising where necessary, and restoring the railwaymen's

pride in their jobs," says Mr. Harriram, who is full of praise for his Nigerian staff but leaves the previous management's record to speak for itself.

Rites took over a system which consists of two main lines: in the west, from Lagos to the northern city of Kano; in the east, a line running from Port Harcourt to Maiduguri in the far north-east. The two routes are connected by a line running east-west from Kafanchan to Kaduna.

Originally built to carry the export crops from the north, the system declined in the mid-1960s. The take-off in oil development coincided with falling agricultural output (partly due to a series of droughts). Soaring imports and falling exports disrupted the pattern of the past, and before the NRC was able to adjust, the civil war broke out in 1967. The eastern line was especially hard hit, with locomotives and rolling stock destroyed or lost, communications disrupted and maintenance almost non-existent.

Meanwhile post-independence development plans had stressed highway construction at the expense of an aging, narrow-gauge railway. Inevitably traffic was diverted to lorries, and the management of the NRC steadily declined. By the time the federal Government handed the problem over to Rites, only 97 out of a total fleet of 219 main line diesel locomotives were working. Of some 7,000 wagons, only 3,300 were serviceable, while a third of the 650 passenger coaches were unusable.

Equally serious was the state of the track, with some 600km of rotten timber sleepers, a major cause of the frequent derailments. By the end of 1978, performance was at an all-time low.

The improvement has been

remarkable. Rolling stock stood at 163 locomotives, 5,000 wagons and 500 coaches by March 1980. About 320,000 steel sleepers were in place, completing the rehabilitation of nearly 500km of the worst sections of the track. Days lost through accidents have fallen from 120 days a year to 20 over the past 12 months. Wagon turn-round has been cut from 55-60 days to two weeks.

The result is that passengers and industry are beginning to trust a service which had been a byword for inefficiency. Travellers per month have risen from 400,000 in January 1979 to over 1m a month by mid-1980. Freight traffic has gone up from 65 wagons a day to over 200 in the same period.

With such statistics to back them up, the NRC has launched a vigorous campaign to woo business, pointing out that a tonne of fertiliser, for example, works out at N15 a tonne transport cost for a 700km journey compared to N65 by lorry. The results of the campaign are showing up on the balance sheet: by May 1980 monthly earnings reached N5.2m, nearly double the January 1979 level. The Corporation has now

drawn up a programme for the Fourth Development Plan 1981-85, envisaging an investment of some N900m, and forecasting a rise in freight traffic from 1.25m tonnes in 1980 to 5.5m tonnes in 1985—an average daily loading of some 600 wagons. Passenger traffic is expected to rise to about 30m a year. These increases—continually improving management—should see the operating ratio fall from the alarming 223 per cent in 1979-80 (i.e. N223 were spent for every N100 earned) to 125 per cent, say NRC officials.

To cope with the extra demands, NRC plans to buy 180 main line diesel locomotives, 20 diesel shunting locomotives, 4,400 wagons and 832 passenger coaches.

Should the programme targets be met, the NRC would be in a position to cope with the hoped-for increase in agricultural exports, an increased volume of container traffic to the north, a greater proportion of bulk traffic such as fertiliser and cement, and raw material for projects such as the Ajaokuta steel mill.

M. H.



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# Not the easiest country

NIGERIA IS not the easiest country in which to do business. The climate, the traffic, the power cuts, the lifts that either do not work or for which there are long queues, the telephone system, the complex regulations affecting foreign investment, foreign

visitors and the employment of expatriates, the paucity of reliable and up-to-date economic and commercial information and, above all, the snail-paced process of official decision-making—all these add up to a formidable list of

frustrations and obstacles with which the foreign businessman has to contend.

In this section of the Survey, we list some of the information which the visiting foreign businessman and potential investor will find helpful in

surmounting the problems that he will encounter in Nigeria. While every effort has been made to ensure that the information is correct, changes to telephone numbers and hotel and car-hire tariffs make it impossible to guarantee complete accuracy.

## FOR THE VISITOR

Hire a car and driver. This may cost up to N300 a week but is well worth it in terms of convenience and avoidance of stress. The alternatives are to drive your own hire-car but the likelihood of an accident and the difficulty of parking rule it out. Taxis are dirty and the drivers' endless bartering and inevitable change-theft at the result are wearing. In a tropical country with a vigorous and complicated economy, the newcomer has enough problems to deal with. Allow lots of time for making telephone calls, especially from hotel switchboards which are slow and unreliable. A call may go through in seconds but on other occasions you may have to phone back the operator after pacing your room for 30

minutes only to find that she has forgotten about you or claims the line was busy.

Stock up on safe food in supermarkets. Hotel room service is unreliable and the restaurants tend to put on only full meals served at a most stately pace. Having a supply of chocolate bars, biscuits and mineral water (see article on difficulty of buying minerals) can save off hunger and the frustration of not otherwise being able to satisfy it quickly.

Dress for the most part in ordinary, if light, European clothes. This may result in being warm in the natural environment but will prevent chills when you are in heavily air-cooled rooms, which tends to be most of the time.

## FOR THE IMMIGRANT

Observation of, and discussion with, Europeans on extended assignment in Nigeria reveals that the most important factor in survival is being able to insulate yourself from the Nigerian environment. While this may sound racist, it is simply necessary.

Companies with long experience in Africa know that employees would go out to East and Southern Africa and stay there for a lifetime but the average stay in West Africa, especially Nigeria, has never been more than five years.

It is difficult to pin down exactly what makes Nigeria so difficult. Partly it is climate, partly it is the tempo of activity, a curious combination of huge sums of money moving at frustratingly slow speeds.

Insulating yourself is both a daily problem and a long-term problem. In daily life, it seems to mean having a home environment as comfortable as possible so that frustration

tolerance remains high for the problems of the day. Over the longer term, it means making an effort to get involved in some diverting activity, golf, sailing, tennis, bridge or whatever.

In business, the important thing is not to lose a sense of perspective, not to let the little annoyances monopolise your time. When you send the van to the corner shop for timber and you watch him turn the wrong way as he leaves the factory, you know he will be gone for three or four hours. But it is not worth your time to pursue the matter or fuss about how you are going to deal with it when he comes back. The £2m shipment that has been tied up in customs for two months is more deserving of your time.

Most companies offer executives in Nigeria two months leave a year, and most executives choose to take their leave in two one-month instalments.

## IMMIGRATION

All visitors except nationals of neighbouring countries require a visa to enter Nigeria. This should be applied for as long as possible in advance from the appropriate Nigerian mission at the place of departure. It can take weeks. Visas are not given at Nigerian ports of entry. Passports containing South

African visas are not accepted.

During their stay in Nigeria, visitors are advised to carry their travel documents at all times.

Residence permits are obligatory for persons intending to work in Nigeria and these take a longer time than an ordinary visitor's visa.

## CURRENCY CONTROL

Unlimited amounts of foreign currency and traveller's cheques can be brought into Nigeria, and must be declared at the port of entry. Such declaration forms as well as receipts obtained from conversion of foreign currency or traveller's cheque at banks

must be saved for presentation on departure. Regulations limit the amount of Nigerian currency that may be brought into or taken out of Nigeria to fifty naira (N50). Do not expect to be able to reconvert surplus Naira into foreign exchange.

## HOTELS

Owing to excess demand and generally inefficient management, hotel accommodation, particularly in Lagos, is often difficult to obtain. Bookings often involve cash deposits amounting to the total expected bill on the entire stay. A confirmed reservation does not guarantee that a room will be available on arrival. All hotels are air-conditioned though there are often power and water problems.

The following approximated daily rates are current and include bed, breakfast and private bathroom. Most hotels add a service charge of 10 per cent.

Single room N30 to N 50  
Double room N50 to N 70  
Suite N80 to N150

There are presidential suites at the Federal Palace Suites Hotel at N500.

Federal Palace Hotel and Federal Palace Suites Hotel, Victoria Is  
PO Box 1000, Lagos  
Tel: 610031, telex 21432

Ikoyi Hotel  
Kingsley Road  
Ikoyi, Lagos  
Tel: 682295, 680674  
Airport Hotel, Ikeja  
Tel: 923051  
Bristol Hotel  
8 Martins Street  
Lagos  
Tel: 630048  
Mainland Hotel  
2 Denton Street  
Ebute Metta  
Lagos  
Tel: 841080, 84110  
Telex: 31595  
Eko Holiday Inn  
Victoria Is  
PO Box 12724  
Lagos  
Tel: 612076, 611695  
Telex: 22650  
Kuramo Lodge  
Victoria Is  
PO Box 8054  
Lagos  
Tel: 841080

Main hotels in the states are: Calabar; Metropolitan; Enuga; Presidential; Ibadan; Premier; Jos; Kaduna; Hamdalah or Durbar; Kano; Central and Daula; Maiduguri; Laka Chad; Port Harcourt; Presidential; Ogun State Hotel; Abeokuta; Ilorin; Kwara Hotel.

## TAXIS

Taxis are available at the airport, there are special rates for journeys to the centre of Lagos. These range from N12 to N15, but fares should always be negotiated in advance. Nigeria Airways operates a bus

service from the airport to the major hotels at the cost of N4. Unmarked taxis should be avoided. It is futile to insist on the use of meters. When meters are used—beware—they are usually fixed.

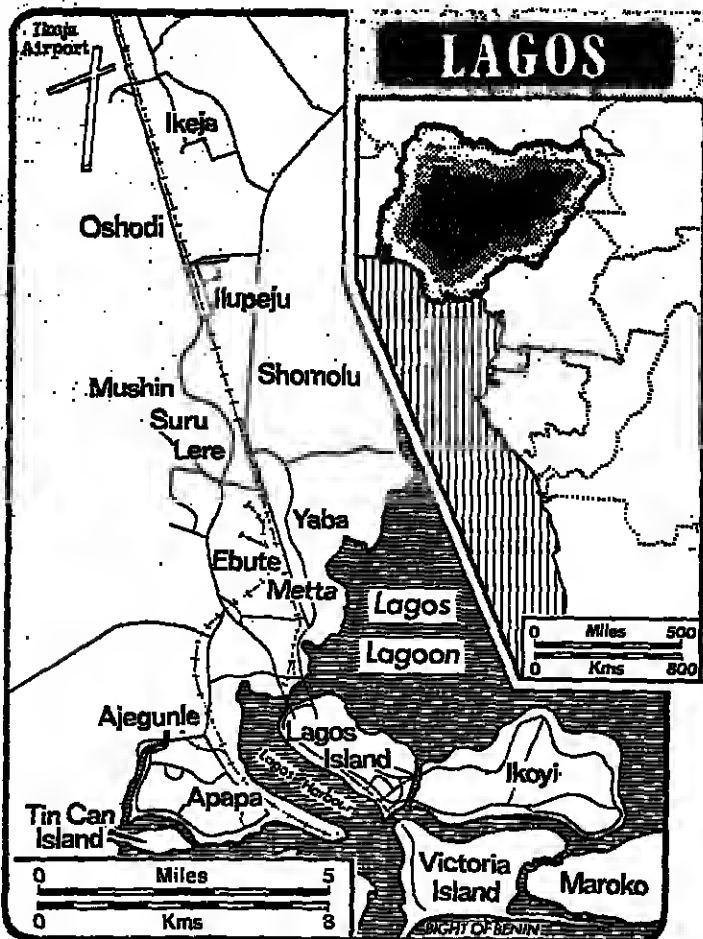
## TIPPING

Airport — Tips of 50k and N1 are usual, but visitors must beware of touts who, though officially frowned upon, persist.

Hotels — In spite of a 10 per cent charge on all services, tips are expected. Generous tips can sometimes overcome the overall sluggishness of services.

Car Hire — Though not expected, occasional tips to car hire service drivers engender better rapport especially in cases of overtime or long journeys.

Taxi — Taxi drivers do not expect a tip except for special services.



## Books which give the visitor a flavour of Nigeria

WHAT SHOULD a first-time visitor to Nigeria read to gain a broad picture of the country? The rapidly changing nature of Nigerian politics and the economy means that up-to-date information in book form is hard to come by. On the political side, a gap has been filled by *Soldiers and Oil* edited by Keith Panter-Brick and published by Frank Cass — though it does not cover the return to civil rule.

For an understanding of the civil war, the best reading is John de St. John's *The Nigerian Civil War* published by Hodder and Stoughton in 1972.

*The International Politics of the Nigerian Civil War* by John Stremlan (Princeton) is also essential reading.

*The Story of Nigeria* by Michael Crowder (Faber and Faber) first published in 1962 and revised and republished in 1973 is invaluable as general historical background.

For the feel of Nigeria, go to some of the country's talented novelists. These include Chinua Achebe (*A Man of the People* and *No Longer at Ease*), Cyprian Ekwensi (*Burning Grass*) Wole Soyinka (*The Interpreters* and *The Man Died*) and Elechi Amadi, who has written about his experiences during the civil war.

The gap in economic information in book form has only recently been filled by *Structural Change in the Nigerian Economy*, edited by F. A. Olanku (Macmillan 1980) which gives an excellent introduction to the economy with figures and statistics up to the middle and later 1970s.

The publication of current economic information tends to run well behind events. Thus, the most recent edition of the

Central Bank of Nigeria's monthly report is for March 1980 and most of the series it reports refer to January 1980, though there are price index figures for March. The Central Bank also publishes its *Economic and Financial Review* from time to time (most recent edition is June 1979) while its annual report (most recent is for 1978) contains much helpful statistical information.

On the private sector side, Icon Merchant Bank publishes an extremely useful and comprehensive economic bulletin at least twice a year, while both Barclays (Union Bank as it is called in Nigeria) and Standard Chartered (First Bank) publish economic news from Nigeria in their monthly reviews.

The Federal Ministry of National Planning published its *Guidelines to the Fourth National Development Plan* earlier this year, giving the Government's forward projections of growth in the economy up to 1985. The actual Plan itself is due to be published early in 1981.

The Nigerian Chambers of Commerce, Industry, Mines and Agriculture published a report on *Industry and Commerce in Post-Military Nigeria* in May 1979. This is available from the Lagos Chamber of Commerce and Industry. The Nigeria Re-insurance Corporation releases a twice-yearly journal called *The Risk-Bearer* available from the corporation itself in Lagos or its London contact office at 154/156 Fenchurch Street. The Corporation also publishes an annual *Nigerian Insurance Year Book*.

The newspapers are dealt with elsewhere in this section. The *Nigeria Year Book* is published annually by the Daily Times.

## CAR HIRE

Chaufeur-driven cars are available for between N30 and N50 per 30km-day. Extra mileage costs between 15 kobo and 20 kobo per km. Deposits in cash amounting to the total expected bill are usually a precondition for hire. Credit cards are not normally accepted. Arrangements can be made through the following main travel agencies and also services which have been known to offer reliable services: Mandilas Car Hire (Hertz), P.O. Box 35, 96/102 Broad St.,

Lagos.  
Tel: 652520.  
Telex: 21383  
(Accepts credit card)  
UTC Motors Division,  
P.O. Box 767, Lagos.  
Tel: 656330.  
Times Leisure Services,  
22, Igammu Industrial Estate,  
P.O. Box 1211,  
Surulere, Lagos.  
Rent a Car (Avis),  
225 Apapa Road, Igammu,  
PMB 1155, Lagos.  
Tel: 846336.  
Telex: 21234.

## COMMUNICATIONS

Telephones: The once-appalling phone service is improving, though it still leaves much to be desired. Recent number changes (and further alterations now expected) make it hard to find local numbers. One must first trace the required number in the old directory before proceeding to convert it in the listing of new numbers. Not all old numbers are converted. Phoning from Lagos to the state capitals is often impossible, while cables can go astray and letters take for ever.

It is now possible to dial internationally from some phones. Also, 24-hour public facilities are available through Nigerian External Telecommunications. Neither reverse charge calls nor credit card facilities are accepted for the phones.

Telex: International telex is available round the clock through public facilities. Apart from being crowded, service can be affected by power failures. Business visitors may be able to use their Embassy facilities. Collect cards are acceptable, also for telegrams.

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Atlantic House, P.M.B. 1264, Calabar, Nigeria. Telex No. 65107  
Cables: Pambod Calabar.

**Branch Office Lagos:**  
**Nigerian Palm Produce Board,**  
Constanza House, 72 Campbell Street, P.M.B. 12760, Lagos, Nigeria. Telex: 22510/1. Telephone: 632692.







## NIGERIA XLIII

## DOING BUSINESS

## NEWSPAPERS NEVER DULL

THE EXTRAORDINARY array of Nigerian newspapers is sometimes overwhelming but never dull. More than a dozen dailies (all printed in English), about 20 weeklies and some 25 magazines with a combined circulation of nearly 2m cater for most tastes and political persuasions.

The Punch provides a Page Three girl; Lagos Weekend is a popular; the Business Times (published on Tuesdays) is the best source of financial news; and though not the independent and authoritative paper it used to be, the Daily Times provides reasonable national coverage, as does the New Nigerian.

For readers accustomed to the bland fare provided in many other parts of Africa it is refreshing to be able to pass on from a pro-Government editorial to another which castigates "Shagari and his henchmen," or follow a campaign—eventually successful—calling for the removal of an allegedly corrupt Cabinet minister.

But frequently, issues are

espoused and axes ground in such a partisan manner that the outsider, at least, tends to end up relying on none of the papers.

The major publishing house is the Daily Times Group, owned by the federal Government, based in Lagos but with a national circulation of about 260,000. Most dailies are either completely or largely government owned, except for the Tribune (Ibadan), The Punch and National Concord (Lagos).

State government-owned papers with a national standing include the Nigerian Observer (Benin), the Daily Sketch (Ibadan) and the Daily Star (Kaduna). The New Nigerian (Kaduna), wholly owned by the federal Government, has a printing plant in the capital and prints a Lagos edition.

There are six vernacular weeklies—three in Lagos, two in Ibadan (Yoruba) and one in Kaduna (Hausa). Required reading is the weekly West Africa, published in London. An excellent local weekly is the New Nation.

## STATES

General information about any of the 19 states may be obtained from State Liaison offices situated in Lagos at the following addresses:

Anambra, 16a, Lugard Avenue, Ikoyi. Tel. 680503, 680635, 683708.

Bachchi, 4, Kofe Abayomi, Victoria Island. Tel. 614749.

Bendel, 235-237, Apapa Road. Tel. 845501.

Benue, 63, Awolowo Road, Tel. 681326.

Ikoyi, 6, Kofe Abayomi St., Victoria Island. Tel. 614749.

Cross River, Plot 1005 off Adeola Odeku, P.M.B. 12637, Lagos. Tel. 613478.

Gongola, 4, Kofe Abayomi St., Victoria Island. Tel. 614749.

Imo, Plot 289, Akin Olingbade St., Victoria Island. Tel. 610215, 680431, 614175.

Kaduna, 26-28 Kofe Abayomi St., Victoria Island.

Tel. 610996.

Kano, 13, Waziri Ibrahim St., Victoria Island. Tel. 612475, 610255.

Kwara, 11, Idowu Martins St., Victoria Island. Tel. 612392.

Niger, 17, Adeola Odeku St., Victoria Island. Tel. 610519.

Plateau, 95, Awolowo Road, Ikoyi. Tel. 681326.

Rivers, 123, Ahmadu Bello Way, Victoria Island. Tel. 680125.

Sokoto, 17, Adeola Odeku St., Victoria Island. Tel. 612179.

Oyo, 45, Odunwa Crescent, Ikeja GRA, Ogun, Western House x Broad Street, Lagos. Tel. 935583.

Ondo, Western House x Broad Street, Lagos. Tel. 630493.

Lagos, Government House, Lagos State Govt., Ikeja.

## RECREATION

Night clubs: Lagos has a wide variety of night clubs. Among those catering mainly for Europeans are:

Bacchus, Awolowo Road, Ikoyi, where there is good Lebanese food and dancing at N25 a head. Crowded at weekends. Tel. 633582.

Panache, at the Mainland Hotel, Ebute-Metta has a good decor but is expensive at N35 to N40 per head.

Bagatelle, 208 Broad Street, Tel. 632501, had a previously good reputation; soon to reopen.

Casinos exist at the Federal

Palace and Airport Hotels. Though generally rowdy, the Afro night clubs are a lot livelier. Fela's New Shrine at Ikeja is presided over by Afro-beat king Fela Anikulapo Kuti. Others are the Gondola at Yaba and Caban Bamboo, run by old timer Bobby Benson on the Ikorodu Road.

Swimming: Eko, Ikoyi, and Federal Palace have swimming pools. Bar Beach on Victoria Island is open to all, but strong tides make it dangerous. Ferries go from the Federal Palace Hotel to the s.s. If crowded, beach at Tarkwa Bay across the lagoon.

## RESTAURANTS

Lagos has a number of restaurants, in addition to the restaurants in the hotels. There are adequate facilities for cocktail business entertaining. Cocktails can be arranged at the main hotels. Dinner parties, both large and small, can also be provided. The following restaurants serve lunch and dinner, except where indicated.

Bacchus, 57 Awolowo Road, Ikoyi. Tel. 633582.

Chez Antoine, 61 Broad Street. Tel. 633581.

Club Bagatelle (dinner only), 208 Broad Street. Tel. 632501.

Cathay Chinese, 88 Broad Street. Tel. 631546.

Cross Restaurant, 87 Kofe Abayomi Ave., Apapa. Tel. 841227.

Ile Ola Prestige Restaurant, 24 Maloney Street, Kingsway Stores (lunch snacks only).

49 Marina, Leventis Stores (lunch only).

43 Marina, Mandarin Chinese, Airport Road, Ikeja. Tel. 932100.

Phoenix, 35/37 Martina Street. Tel. 637236.

Quo Vadis, Western House, 8/10 Broad St. Tel. 635153.

Safari Restaurant, 86 Kofe Abayomi Ave., Apapa.

Tahrir Restaurant, 19/21 Breadfruit Street. Tel. 632823.

Tam Tam, 16 Market Street. Tel. 631645.

UTC Stores (lunch only), 139 Broad Street.

## CLIMATE

Lagos is hot and humid. The average temperature in the south is about 29 degrees C (84 degrees F) with high humidity. The Nigerian climate generally is tropical and the wet and dry seasons are well defined in the north. Daytime temperatures may reach 43 degrees C (109 degrees F) but can drop below 4 degrees C

(39 degrees F) at night in December and January. During the dry season the Harmattan wind blows across from the Sahara Desert carrying with it a fine dust.

The rainy season in the north extends from April to September and from March to November in the south.

## CLOTHING

Men need lightweight suits, though a sweater is needed in the north during the harmattan.

Dry cleaning facilities when available are of poor quality.

Women need plenty of lightweight washable dresses or skirts for the evenings.

A lightweight raincoat and umbrella are useful during the rainy season.

## HEALTH

It is generally unsafe to drink tap water or eat uncooked fruit and vegetables. Anti-malarial pills should be taken

two weeks before arrival and four weeks after leaving. TAB vaccination is recommended.

## FOR SALE Apapa/Nigeria

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## MINISTERS AND KEY OFFICIALS OF THE FEDERAL GOVERNMENT IN LAGOS

MINISTRY	MINISTER	PERMANENT SECRETARY	MAIN OFFICE AND TELEPHONE NUMBER	MINISTRY	MINISTER	PERMANENT SECRETARY	MAIN OFFICE AND TELEPHONE NUMBER
1. Agriculture	Alhaji I. Gusan *Chief O. Awotese *Mr. E. Aguma *Mr. S. Mafuyal	M. Liman	New Federal Secretariat (NFS) Ikoyi Road, Lagos, 3rd Floor. 682732	14. Justice	Chief R. O. A. Akinjide	O. A. Soetan	NFS 4th Floor. 6884414/684420
2. Aviation		B. A. Zhiwenlen	New Federal Secretariat (NFS) Ikoyi Road, Lagos, 7th Floor. 680446/68463	15. Mines & Power	Alhaji M. I. Hassan	U. C. Galtimari	Six-Storey Building. 650230
3. Commerce	Mr. I. Shaah *Alhaji A. Nabuche	A. M. Fika	New Federal Secretariat (NFS) Ikoyi Road, Lagos, 3rd Floor. 685566/684629	16. National Planning	Mrs. A. E. Oyagbola	G. P. O. Chikelu	NFS 689046/681145
4. Communications	Alhaji A. Oniyangi *Chief E. Okol-Obunil	J. E. K. Oyegun	Tafawa Balewa Square; 2nd Floor. 685955	17. Science & Technology	Dr. S. Ugeh	R. S. G. Agiohu-Kemmer	Republic Building Marina 632479
5. Defence	Alhaji Iya Abubakar	A. Saleh	Independence Building 632776	18. Transport	Alhaji U. A. Dikko *Mr. G. Wushishi	Allyn Mohammed	I. Joseph Street. 652120
6. Education	Dr. I. C. Madunbulke *Alhaji B. Usman *Mr. C. A. Bamgboye	F. T. Adesanya	1/3 Maloney Street. 632599	19. Works	Mr. V. Masi *Alhaji A. Jarra	Mr. K. Idris	Tafawa Balewa Sq. 653130/653132/653122
7. Employment, Labour and Productivity	Mr. S. A. Ogedengbe *Dr. P. T. Mirebaulom	E. O. Omoyele	Six-Storey Building, Broad Street. 637098	20. Water Resources	Alhaji N. Mamudun	N. O. Popoola	9 Kofe Abayomi Road, Victoria Island. 612511/653128
8. External Affairs	Prof. I. Aduki *Chief P. Bolokor	J. N. Ukegbu	Republic Building Marina 650520	21. Youth, Sports and Culture	Engr. P. C. Amadike *Alhaji I. A. Dan Musa	A. S. N. Egbo	5 Kofe Abayomi Road, Victoria Island. 619836
9. Finance	Prof. S. M. Essang *Alhaji A. Baba *Mr. G. A. Thomas	Abubakar Alhaji	New Federal Secretariat (NFS) Ikoyi Road, Lagos. 634750/681908	22. Federal Capital Authority	Mr. J. J. Kadiya	A. Koko	15 B Awolowo Road. 680470
10. Health	Mr. D. C. Ugwu	F. Y. Emmanuel (Mrs.)	New Federal Secretariat (NFS) Ikoyi Road, Lagos. 9-10th Floor. NFS 4th Floor. 681683	23. Steel Development	Mr. Paul Umongo resigned Sept. '80	F. L. Oduah	138-140 Broad Street. 651062/657063
11. Housing and Environment	Dr. W. O. Dosuomn *Alhaji A. Musa	G. A. Fatoye	NFS 4th Floor. 681683	24. Executive Office of the President	Prof. E. C. Osammar	J. E. Uduchi Information: I. Jimeta	Tafawa Balewa Square. 651010-20 Republic Building Marina 656545
12. Industries	Alhaji A. Cikoma *Dr. I. Igbani	M. E. P. Udebinwa	NFS 8th Floor. 680396/682607	25. Head of the Civil Service		G. A. E. Longe	NFS 8th Floor. 884969
13. Internal Affairs	Alhaji B. M. Yusuf *Chief (Mrs.) J. Akurinade	G. A. Nwanze	NFS 2nd Floor. 683694	26. Secretary to Federal Government		Alhaji S. A. Musa	Tafawa Balewa Square. 633128

\*Minister of non-Cabinet rank

## SPECIAL ADVISERS TO THE PRESIDENT

Dr. K. O. Nwadiwe, National Assembly Liaison, Tel: 630758; Dr. Bokar Shuaib, National Security; Dr. Chuba Okadigbo, Political Affairs, Tel: 681382; Prof. G. A. Odenigwe, Political Affairs; Chief Olu Adenijo, Information, Tel: 630142; Alhaji Yahaya Dikko, Petroleum and Energy; Prof. E. C. Edozien, Economic Affairs, Tel: 684379; Dr. J. Odama, Economic Affairs, Dr. O. Olufa, Statutory Boards; Chief T. A. Akinyele, Director of Budget and Budget Affairs, Tel: 631081; Press Secretary to the President—Charles Igoh, Tel: 682526.



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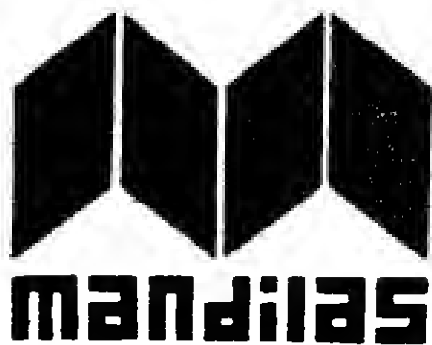
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هكذا من الجمل



# The prices war which could overwhelm Davignon

THE HEADS of Europe's major steelmaking groups meet in Brussels this morning with Viscount Etienne Davignon, the EEC Industry Commissioner, in what is being billed as a make-or-break attempt to defuse the crisis in steel.

But the 12 steel chiefs who will sit down at the conference table are no longer quite the companions in misfortune that they were at the beginning of this month. In a few weeks many of them have become the belligerents in an internal prices war that risks inflicting serious damage on all but the strongest producers in the European steel industry.

The pressures of a recession which has seen steel prices tumble 15 per cent or more since early summer, and which is likely to yield a collective 1980 loss for the industry of something between \$3-5bn, have lately tempted the producers into the classic trap of price-cutting. The result has been to transform a grave downturn into a fast-moving crisis.

## GILES MERRITT in Brussels looks at moves to restore order to the steel industry

The potential casualties in the price war, say some Brussels experts, number between 15-30 per cent of the steel industry's 655,000 workforce, which could be hit by a wave of lay-off and hurried redundancies. The effect would be a brutal restructuring of the industry by market forces that would make the reorganisations and streamlinings of the past five years seem mild by comparison.

Today's meeting in the no-man's land of the Berlaymont is the opening of crucial peace talks. Viscount Davignon will be urging the immediate restoration of his now almost

defunct Davignon Plan for price and production discipline. In advance of these discussions, M. Davignon has been holding separate meetings with each major steel company in the past 10 days in an attempt to bring them into line one by one. These preliminary talks ended only last Saturday, when it was the turn of West German producers, whose warring between themselves—notably a price slugging contest between Kloeckner and Thyssen—has helped to precipitate the crisis.

The 12 participants at the meeting will be France's Usinor and Sacilor, Belgium's Cockerill and the Charleroi "triangle" grouping, Luxembourg's Arbed, British Steel and the British independents' BISPA association, the Estel link-up of Hoogovens in Holland and West Germany's Hoesch, Thyssen, Krupp and Peine-Salzgitter of West Germany, and Italy's Finisider.

Although the need for a fresh pact between EEC steelmakers is plain enough, Commission officials seem far from confident that one will emerge. Mutual suspicions over which companies have in the past cheated on the voluntary curbs and quotas of the Davignon Plan are making negotiation difficult. West German and Italian resentment over a deal which would broadly be more to their EEC rivals' advantage is a major obstacle.

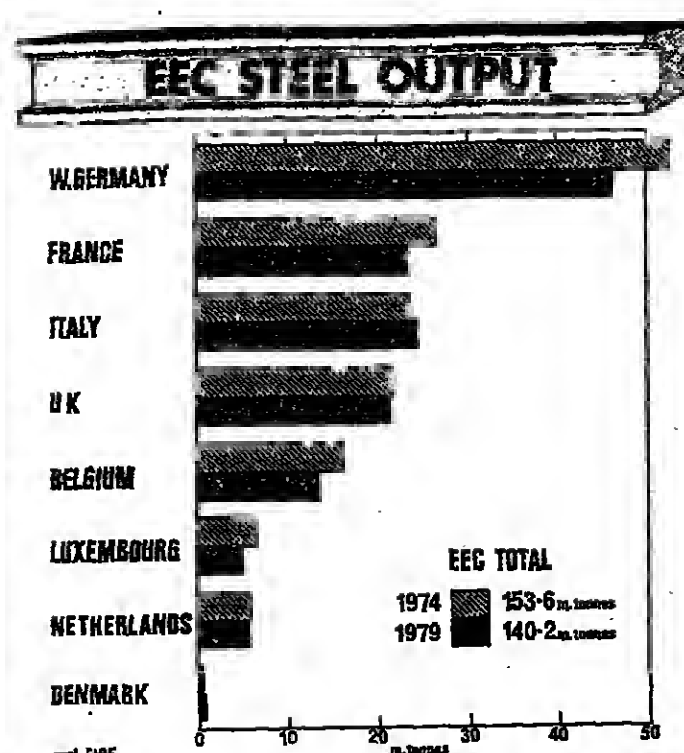
For bad as "market restructuring" (meaning unbridled price competition) would be for all steelmakers, it would be considerably worse for producers in Belgium, France, Luxembourg and Britain. Thanks to their greater efficiency and their integration of steel with complementary engineering operations, the German producers have a definite edge when demand is so weak.



Viscount Etienne Davignon

The Bonn Government, however, is probably susceptible to political arguments on the need for a European solution to the problem, and may well add its weight to the pressure being put on the German steel industry. Less so any Italian Government, though, and Italy's steel difficulties are severe. For the Italian industry to accept new price disciplines would entail the continued loss of much of its own domestic market.

The doubts over the European steel industry's ability to resist its conflicting interests are such that a number of EEC member governments favour the introduction of mandatory controls whatever the outcome of today's Brussels



talks. The suggestion gaining momentum is that, even if the producers resurrect the Davignon Plan by voluntarily cutting output in the fourth quarter of this year by 13 per cent below the same 1979 level, the crisis demands still tougher measures.

France has told the other EEC member governments it will propose at the October 7 Council of Ministers meeting in Luxembourg that a state of "manifest crisis" be declared, which would permit the imposition of compulsory curbs on prices and imports. Belgium is known to back this use of Article 58 of the European Coal and Steel Community's Treaty of Paris, which would set the Brussels Commission up as a

dictatorial authority in the steel industry. When the idea of employing Article 58 was first mooted a fortnight or so ago, it seemed little more than a threat to help force steelmakers to renew their support for the Davignon Plan's production cuts. These had been rejected in early September by Eurofer, the Brussels-based association which represents 90 per cent of the EEC steel industry. But now the thinking inside the Commission and in some EEC capitals is that the ECSC emergency powers need not be used as a blunderbuss, but as a surgeon's scalpel.

Time limits on the mandatory price minima and careful selection of the products affected could make the controls into a flexible adjunct to a revitalised Davignon Plan, while ensuring that any patchwork of voluntary curbs accepted today does not easily become unravelled.

To many people in the steel industry, the present moves to stem the disruptions of crisis must be reminiscent of the events which followed the adoption of the Davignon Plan in 1977.

The Davignon Plan was intended to provide the industry with a protective umbrella of market disciplines while it tackled the job of slimming itself back to health through restructuring programmes. That it has so far failed to cut capacity and production is a major factor in this latest crisis.

The problem is that, deep in its managerial thinking, the steel industry believes its difficulties are cyclical rather than structural. The experience of the post-war boom years is largely responsible for the steel industry's outperformance most others at such a rate that until the mid-1970s the expected steel output of the Nine for 1980 was being put at 225m tonnes. In the event, it will be less than 130m tonnes, although actual capacity has grown to more than 201m tonnes a year from the 1974 level of 179m tonnes.

About 145,000 jobs have been shed in the European steel industry since 1975, but the rhythm slowed markedly after April 1979. In the following 12 months only 6,000 steel workers in Continental Europe were laid off. The remaining 20,000 are victims of British Steel's cuts. The proof of the pudding in EEC restructuring attempts is, anyway, the proportion of total capacity actually in use.

Last year, when the EEC steelmakers produced 140m tonnes of crude steel, 69 per cent of capacity was employed. For this year, on present showing, that figure will have dropped alarmingly to less than 64 per cent and to about 50 per cent for such products as heavy plate. Indeed, the 1980 unused capacity figures would be even worse if the industry had begun to cut back hard on output once orders fell away suddenly this year. As it is, EEC steel production for the first eight months was just 3.5 per cent below the same 1979 period.

With such a burden of unproductive plant and overheads, the scale of the industry's financial losses is not hard to understand. The key to revitalising steel remains the restructuring goal agreed between the European Commission and the major companies more than three years ago. For 1984 was set as the point by which plant closures would have raised capacity in use to 85 per cent in crude steel and 80 per cent in flat rolled products.

Technically, say Commission officials, that target is not so unattainable as it sounds. They calculate that the closure of all plant now working at the indefensible rate of less than 40 per cent of potential output would push the overall rate of capacity in use to 76 per cent this year. In a comparatively good year, such as 1979, it would have pushed the figure to 81 per cent.

Politically, such a shut-down programme would be far from straightforward. Even so, there are signs that in the framework of renewed voluntary and maybe mandatory price and production disciplines EEC member governments will soon be giving fresh impetus to the restructuring drive. Making good the steelmakers' increasingly staggering losses is, after all, no longer a politically attractive alternative.

## EUROPE'S TOP STEELMAKERS

COMPANY	OUTPUT (millions of tons)
BSC (UK)	1979
Thyssen (West Germany)	16.7
Usinor (France)	11.8
Finisider (Italy)	13.0
Hoesch (West Germany)	7.2
Hoogovens (Netherlands)	5.1
Krupp (West Germany)	5.3
Kloeckner (West Germany)	5.1
Arbed (Luxembourg)	4.7
Salzgitter (West Germany)	4.7
Mannesmann (West Germany)	4.2
Cockerill (Belgium)	3.9
Halsen-Sambre (Belgium)	4.4
Sacilor (France)	1.9
Sadler (France)	3.5

\* Owing to recent mergers 1979 figures are not comparable with previous data. Source: IISI

## Letters to the Editor

### The cost of money

From Mr. J. H. Pogmore

Sir—Although I am aware that in economic theory an increase in the interest rate will reduce the demand for money, I am beginning to wonder just how far this is true. Consider, for example, financial policy as it applies to firms. The theory suggests that companies raise capital—either equity or debt capital—for the purpose of investment, and, using the interest rate, calculate the net present value of the stream of earnings it can expect from a project. If this turns out to be positive the company will raise the capital to pursue the project either by a share issue or by borrowing. Clearly, in this case, the interest rate is crucial.

However, I would like to suggest that in today's economic climate most firms (at any rate those in the manufacturing sector) are not borrowing money for this purpose at all. The fact is that, because of the high rate of inflation, it is very nearly impossible to generate sufficient profits to cover the inflation of current assets. Thus, most manufacturing companies, even those who return handsome profits, finish up the year with a negative cash flow. This has been illustrated several times in your newspaper when you have reported on the growing indebtedness of the industrial sector, which now runs at over £4bn.

The point is that companies must borrow and also must increase their borrowings in order to stay in business at all. This means that they have to borrow regardless of the interest rate. Whether it be 5, 10, 20 or even 50 per cent. Thus, as long as the banks continue to support their industrial customers, that part of the money supply used to finance private industry will continue to rise regardless of the interest rate. The only remedy for this situation is a substantial reduction in the inflation rate, and this will have to be achieved without the help of high interest rates. I need not go into the ways in which this should be done, since your newspaper is not short of ideas on the subject.

J. H. Pogmore, Managing Director, The Zenith Electric Company, Croydon Road, Wrotham, Milton Keynes.

### Chips on the shoulder

From Miss Eleanor Macdonald

Sir—Recently we held a one-day conference on the effects of micro-electronics in the office. Linked information systems, word processors and mini-computers were all on show. The audience, mostly middle managers, senior secretaries and clerical staff who could be using and benefiting by this equipment, quickly saw the advantages of time-saving, improved quality of work, better communications, better utilisation of staff, which derives from the new technology.

Many of them, however, stated that it would be a real, and probably a losing, battle to get their top management ever to comprehend what they were talking about, let alone sanction capital expenditure to purchase such equipment.

If the Government is really serious about persuading Britain to get into the micro-electronic age and not fall lamentably behind France, Germany, etc., it is top management who must really get close to the new technology and stop thinking of it as extravagant, unnecessary and not for them, because basically they are frightened of it.

Once fears are allayed, the tremendous advantages of the new developments not only in the office, but in production, goods banding and sales administration, are clearly evident.

What is not appreciated is that we have no option. Either we accept these new concepts, spend money on both the equipment and subsequently proper training in its use or we shall become so slow and inefficient as to lose all competitiveness and be forced out of business!

Eleanor Macdonald, E.M. Courses, 4, Mapledale Avenue, Croydon.

### Back to cowrie shells

From Mr. D. M. Toft

Sir—It is not clear from Mr. H. I. Meyer's letter of September 26 whether he is a Swiss banker or merely believes he is.

It is true that the Swiss imposed a negative rate of interest for some years, but this applied to non-resident accounts only and for deposits in excess of SwFr 100,000.

It is interesting to speculate on what would happen if minimum lending rate were to be fixed at minus 2 per cent, as Mr. Meyer advises. The banks would go broke within a week, as all deposits would be withdrawn forthwith, and we could all make a new start on the basis of cowrie shells, Toby jugs or perhaps even that yellow stuff—gold.

D. M. Toft, The White House, 22 West Side, Wimbledon, SW19

### Local councils' performance

From Mr. P. B. Kershaw

Sir—Robin Panley's article (September 24) "Time to call in the efficiency experts" managed to confuse two aspects of performance measurement; on the one hand there is central government's interest in inter-authority comparisons of performance, while on the other, is the individual local authority's need to examine the performance of its own services for resource allocation purposes. Because central government has not been able to measure performance realistically he has assumed that local authorities have had a similar lack of success and are, therefore, inefficient.

Central government and the media generally are apt to make arbitrary cost comparisons between local authorities based on published statistics alone, thereby assuming that the highest spenders are being wasteful. This is far from necessarily being the case. Until expenditure levels, and other performance indicators, are compared with a clear assessment of "needs" such comparisons are misleading and unfair. What is needed is a nationally agreed set of all-

embracing criteria of relative need before any central government can realistically begin to say whether or not one local authority is compared with another is being wasteful. Such a set of criteria is by no means impossible to create, but so far Whitehall has failed to do so successfully.

It must be obvious, even to Mr. Panley, that every local authority is desperately short of resources and in allocating those that each has there must be a thorough examination of all proposed expenditure in order to ensure that in each one's own terms resources are not wasted. Methods vary as between local authorities, some being more "scientific" than others, but the end result is the same—the final proposed levels of expenditure are deemed to be the most effective in terms of potential output. Local authorities are not, as Mr. Panley seems to assume, by definition "wasteful, inefficient and profligate". Local authorities are aware of the needs of their local communities and quite naturally wish to respond to them in the best way possible through the maximum use of available resources.

Finally I would point out that further realistic and scientific exercises in performance measurement, which must involve much in depth consultation and analysis, are very costly in terms of time, resources and staff. In these straitened times who will pay for it—Whitehall or the ratepayer?

Peter B. Kershaw, Programme Planning Manager, Borough of Sunderland, Town Hall and Civic Centre, Sunderland.

### Finance for telecoms

From the Chairman, Post Office Users' National Council

Sir—Your editorial on the control of monopolies (September 26) takes up again some of the points raised in the recent report by this council on the latest round of proposals for price increases by British Telecoms and supported in a wider context by the chairman of the National Consumer Council.

The report rejected British Telecoms' proposals. It suggested that despite the demands of monetary policy the Government should make further efforts towards allowing at least a small part of the enormous programme of capital expenditure undertaken by British Telecoms to be financed other than through the pockets of today's customers and should at the same time require the management of British Telecoms to find economies out of its own organisation which would provide a reduction in the package of price increases.

The council felt that this response, which reflected the views of many individuals and organisations whom we consulted, was neither irresponsible nor lacking in common sense. The Government did not accept our proposition and the price increases are to go ahead unchecked. We believe this is wrong.

It makes no sense that customers should support a very costly transformation of the telecommunications business (however necessary and laudable) without any recourse to the facilities of financial markets which such a business should naturally enjoy. And it makes no sense for those

customers also to be subjected to the demands of a monopoly management able to reach whatever financial targets monetary management requires simply by putting up prices. In the absence of the proper discipline of competition, Government should provide a substitute.

The exchanges on Telecoms price increases must now be regarded as blood under the bridge. However, there will unquestionably be opportunity for further debate on monopoly prices before too long.

It is to be hoped that a less Maginot inflexibility of approach will then emerge to replace the present system of even-handed injustice where customers are forced to assume a burden they generally have no means of alleviating.

John Morgan, Waterloo Bridge House, Waterloo Road, London, SE1.

### Future uncertain

From Mr. James Pilditch

Sir—Much of the clamour about unemployment camouflages truths we have all to learn. For us to believe, as we are urged to do, that world recession or HM Government's quasi free-economy is the cause of high unemployment is to miss the real issue.

Britain, in common with all developed industrial nations, is in a state of fundamental change from what Alvin Toffler (author of *Future Shock*) has recently called a "second-wave" industrialism to a "third-wave" society.

Toffler's "third-wave" caused by rapid evolution in many areas of life but greatly accelerated by the microprocessor, is already visibly all around us. We may choose, unwisely, to retard it, but we cannot arrest it.

The future will happen. The hard truth is that there is simply no place in it for very many present occupations. The more we strive to keep people in old jobs and companies alive in outdated industries, the more long-term damage we will do. This realisation does not make the plight of the unemployed any easier, but at least it should encourage us to help them by taking the right steps rather than the wrong ones.

Conservative (small c) management and unions are, without any doubt more responsible for declining industry than any outside source. This, in my experience, is true in other countries as it is here.

Perhaps we have to admit that high unemployment will remain a fact until industry is restructured to fit our new world. Today's levels may even be, in some cases, a positive sign that essential change is occurring. They may contain grounds for hope.

The way to reduce unemployment is not to stop the clock, but the opposite. We all must adapt faster innovate more vigorously, embrace the microprocessor, shift swiftly into new and burgeoning growth industries.

All of us who care about unemployment would do better to ask how we can push forward this change rather than to struggle or strike for what Professor Dahrendorf has called a "better yesterday".

James Pilditch, Chairman, Allied International Designers, 10, Rinkbone Place, W1.

## GENERAL

UK: Labour Party conference continues, Blackpool.

Mr. William Whitelaw, Home Secretary, addresses United International des Syndicats de Police Congress, Brighton.

Mrs. Margaret Thatcher opens accommodation for disabled, Habco Housing Association, Nunhead Green, Southwark, London.

Mr. Anthony Wedgwood Benn speaks at Christian Socialist meeting, St. Kentigerns Social Centre, Newton Drive, Blackpool.

Imperial Metal Industries faces safety summonses after two men died in rocket research

station explosion, Magistrates Court, Stourport.

Overseas: International Monetary Fund annual meeting opens, Washington.

EEC Agriculture Ministers meeting in Brussels—agenda includes aims of creating a new market support system for the mutton and lamb sector and also future arrangements for the sugar sector.

Meeting between heads of EEC's 12 largest steel producers and Viscount Etienne Davignon, Industry Commissioner, Brussels.

## Today's Events

Uganda's first general election to 18 years.

COMPANY RESULTS

Final dividends: Sidney C. Baoks, Joggall Industries, S. Lyles, Mitchell Cotts Group, Saint Piran, Interim dividends: Arncliffe Holdings, Boustead, Brent Chemicals International, British Spriton Industries, Buzal Pulp and Paper, Fosco Minsep, John Laing, Ready Mixed Concrete, Royco Group, Francis Summer Holdings, Thomson T-Lite Caravans, Tomatin Distillers, Waterford Glass, Wat-

mouhs (Holdings), Whatman Reave Angel.

COMPANY MEETINGS

Acrow, 8 South Wharf, W, 10, Aeronautical and General Instruments, 40 Purley Way, Croydon, 12, Centrovital, 4-6 Saville Row, W, 10, Cooper Industries, Castle Hill, Dudley, 12, Crouch Group, Plasterers Hall, 1 London Wall, EC, 12, Hambro Trust, 41 Bishopsgate, EC, 12, Illosworth Morris, Victoria Road, Salford, Shipley, 12, Lep Group, Winchester House, 77 London Wall, EC, 230, W. E. Norton, Royal Automobile Club, Pall Mall, SW, 12, Provincial Cities, 52-56 Osoburgh Street, NW, 12, John Waddington, Wakefield Road, Leeds, 12.

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## Currys steady at six months and pays 1.5p

MAINTAINING its gross margins and thus halting the decline that has occurred over a number of years, Currys, electrical appliances retailer, finished the first six months to July 31, 1988 with pre-tax profits of £4.49m against £4.57m.

Sales so far in the second half are on target and well above those for last year, when the group was recovering from the depressed levels which followed the June mini-budget, says Mr. Dennis Curry, chairman. While it is apparent that the recession will get worse, the group will continue to expand its market share, he believes.

The interim dividend is lifted from 1.2p to 1.5p net hut, with the major part of the year's profit dependent on the final quarter and with current economic uncertainties, the level of final dividend will rest on the results for the year as a whole, points out the chairman. Last year a total of 7.5p was paid from taxable profits of £14.1m.

First half trading profits were down at £3.2m (£3.53m) after amortisation and depreciation of £1.23m (£1.04m) and a decrease of £514,000 (£800,000) in provision for unamortised profit on credit trading.

The profit before tax also includes net interest receivable of £1.16m (£946,000) and a surplus on the sale of properties of £127,000 (£95,000). Current cost adjustments leave the taxable profit down at £2.82m (£2.89m).

Earnings, after tax of £1m (£1.02m adjusted), are shown as 14.9p (15.2p) per 25p share. Cash takings, including cash received from credit customers, rose from £97.07m in £108.1m. The increase of 12.4 per cent, or about 10 per cent after discounting VAT, equates approximately

### HIGHLIGHTS

Lex analyses the report from the City Working Party on financial futures which envisages the establishment of Chicago styled contracts, currencies, interest rates and financial instruments. On the company front Laird has announced a big U.S. acquisition and slightly higher half year profits while Currys surprised the market with maintained volume and pre-tax profits only slightly down on last year's strong half year result. Elsewhere Cope Allman has produced profits slightly down and despite a lively performance from Bell Fruit the areas are likely to hold the group back in the near term. On the inside pages there are some lower profit figures from Adwest and Metaltrax but Energy Services shows an improvement at the half way stage and the annual result from furniture group Parker Knoll is right on forecast.

to the rate of price inflation on the group's merchandise, says the chairman, and indicates that sales have been maintained in real terms despite the difficult trading conditions.

Credit trading balances stood at £16.98m after provision for unamortised profit of £10.21m against £17.72m after a £10.72m provision six months earlier.

Following the success of the group's rental operations, this service is shortly to be extended to every branch. At the same time, video recorder rental will be introduced.

Three Currys shops were opened in three new towns in the first half and two more have opened since, says the chairman, and a further six are expected to be in operation by the end of January. Plans for the opening of Bridgers, Carousell and Currys Micro-Systems properties continue.

Lex, Back Page

## Cope Allman loses ground to end at £11.2m pre-tax

WITH INTEREST payable rising from £2.78m to £4.58m, taxable profits of Cope Allman International finished the year to June 26, 1988, marginally lower at £11.15m, compared with £11.78m.

At the interim stage, when profits were ahead from £5.63m to £5.71m, the directors warned that earlier expectations of growth would not be achieved.

They now say that, during the last quarter of the year, order books declined significantly in many group companies. This decline has accelerated in the first quarter of the current year, adversely affecting profitability, and causing a number of factories to work short time and lay off employees.

In the year under review, however, due to a continued high level of capital expenditure the tax charge was down from £3.4m to £2.94m. This left net profits up from £8.39m to £8.81m and earnings per 5p share ahead from 19.7p to 20.91p. In view of the depressed state of current trading and uncertainty as to how long the recession will continue, the directors felt it prudent to limit the increase in the year's dividend to that reflected in the interim payment. Therefore, the final is held at 2.5p for a 4.885p (4.5p) net total, costing £1.81m (£1.78m).

A divisional analysis of sales and operating profits—£195.63m (£178.95m) and £15.72m (£14.57m) respectively—shows (figures omitted): packaging £81,881 (£72,084) and £3,405 (£3,733); leisure £39,030 (£31,445) and £8,484 (£4,915); engineering £27,904 (£27,287) and £2,738 (£3,420); fashion £24,693 (£26,424) and £1,703 (£1,217); Capsels £22,113 (£21,632) and £1,990 (£1,837). Associates contributed £282,000 (£133,000) to operating profit and head office expenses took £858 (£889).

The fall in engineering and packaging profits reflects the effects of the engineering and steel worker's strikes. Despite the strength of the pound, exports contributed almost 17 per cent of the total UK sales and at £24m exceeded in value those of the previous year by £2.4m, showing slightly more growth than that in overall sales.

Since the year-end, several small packaging businesses in Australia have been either sold or closed and two other businesses, P. and H. Bailey, rainwater manufacturer in Manchester, and Victor International Plastics, plastic colourer and converter in Geneva, are in the process of being closed.

Chelton (Moulding), which supplies the group's cosmetic companies with plastic mouldings, is also being closed and its business merged with that of Edward Webster.

Goodwill amounting to £2.2m arising on acquisitions has been fully written off as an extraordinary item. Other extraordinary net losses amounting to £0.25m arose during the year. In addition, the company is providing in the year under review £1.4m against the cost of closing, in the current year, those businesses mentioned above.

In order to finance capital expenditure of £21.2m, as well as acquisitions and additional working capital, borrowings increased by £8.1m net. This leaves the equity/debt ratio at 64:36 at the end of the year against a target ratio of 60:40. The directors are confident that the facilities are adequate to meet foreseeable financing requirements.

### CAPSEALS

Pre-tax profits of Capseals, the Cope Allman subsidiary, rose from £1.53m to £1.91m in the year to June 26, 1988. Earnings per 5p share are shown to have risen from 11.64p to 12.49p and the dividend is lifted from 3p to 3.5p with a final payment of 1.5p.

The directors report that since last May there has been a significant reduction in demand from many of the company's major UK customers and some subsidiaries are working below capacity. Current first quarter profits of this maker of packaging materials have also been affected by market pressure on margins.

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### DIVIDENDS ANNOUNCED

M/C	44	71-8	D/C	Current payment	Date of payment	Current div.	Total dividend for year	Total last year
Adwest Group				5.38	Nov. 21	4.58	7.48	6.75
Capeals				1.8	Nov. 19	2.05	3.3	3.1
Central Norwood	int.			12.5	Nov. 18	12.5	25	25
Cope Allman				2.8	Jan. 8	2.8	4.58	4.5
Currys	int.			1.5	Dec. 3	1.2	2.5	2.5
Energy Services	int.			0.3	Jan. 2	0.25	0.63	0.63
Metaltrax	int.			0.82	Oct. 31	0.75	2.27	2.27
Owen Owen	int.			1	Dec. 3	1	3.7	3.7
Parker Knoll				4.3	—	4.28	7.5	7.5
Rand London Corp.				12.1	Nov. 21	11	12	11
Supra Group	int.			0.75	Nov. 24	0.67	1.78	1.78
C. and W. Walker	int.			Nil	—	1.38	—	6.85

Dividends shown per share net except where otherwise stated. \* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ S. African cents throughout. § Australian cents throughout.

## Parker Knoll rises and pays 2p more

PRE-TAX profits of furniture maker Parker Knoll increased from £2.53m to £3.88m in the year to end-July 1988, on sales ahead at £23.76m, compared with £23.19m.

The results are in line with the chairman's predictions, of last March when he announced interim profits up from £1m to £2.08m.

A final dividend of 4.5p is being paid, which makes a total for the year of 7p net (5p).

The surplus for the year was struck after interest received of £232,000, against £122,000, and for the first time full-year profits from the business were transferred to the group on August 1, 1979. The contribution here was substantial, the directors say.

Mr. M. H. T. Jourdan, the chairman, says the poor and uncertain economic climate is unlikely to improve significantly during the course of the current financial year and as a result steps have been taken in all divisions to reduce costs and improve the effectiveness of the company's marketing and selling policies.

Tax charged for the 12 months increased slightly from £1.21m to £1.47m giving stated earnings per 25p share of 28p (19.4p).

Dividends absorbed a retained profit of £1.6m (£1.98m) and a carry forward balance of £8.4m, compared with £6.81m.

On a CCA basis the historic profit before tax was reduced to £2.73m (£2.09m).

An analysis of group trading

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## Reduced demand hits Metaltrax

A FALL of £77,000 to £107m in pre-tax profits is reported by Metaltrax, the Birmingham engineering group, for the six months to June 30, 1988. Turnover rose from £10.22m to £12.19m.

Mr. John Wardle, the chairman, says that the board cannot hope to see a second half comparable with the perhaps exceptional second half last year. But at the end of the day—in view of the current climate and the likely results of other engineering groups—shareholders are likely to regard the results for the year as by no means unsatisfactory.

He believes that at least in the second half of 1981 some signs of general improvement will be seen which will allow the financial and managerial strength of the company to continue the forward progress which has been seen for over 10 years.

Commenting on the lower first half profits, Mr. Wardle says there was an "extremely severe

reduction in demand" in June, and the loss of non-recurring Government grants, which boosted last year's figures, contributed to the downturn.

After tax down from £596,000 to £558,000, retained profits came out at £347,000 compared with £389,000. The interim dividend is effectively raised from 0.745p to 0.82p—last year's total was an adjusted 2.27p. Dividends absorb £161,000 (£146,000).

The chairman discloses that the year-end "modest over-draft" had, by the end of June, been turned into "a substantial credit balance."

Profits growth and margins at Metaltrax may be under considerable pressure throughout the rest of this year and probably the best part of next but there is no discernible threat to dividend. The interim is, in fact, actually increased to allow for the recent scrip and the prospective yield of 7.1 per cent—if the

final is treated in the same fashion—indicates a marked premium to the sector. The wide spread of customers, short production cycles and strong cash generation (reinforced by a good track record) underpin the rating at 51p, up 3p yesterday.

The reputation engineering activities have been hit particularly badly from June onwards but these businesses apparently remained profitable during the panic de-stocking which took place during that month and, although order levels are still very depressed, the worst of the sudden scare seems to be over.

With net cash balances of about £500,000 against an overdraft of similar size in the last balance sheet and a negligible export order workload, the group at least escapes manufacturing industry's twin perils. Forecasting is more than usually hazardous but it says, profits this year drop by a fifth to around £2m pre-tax, the prospective fully taxed p/e of 10.4 is not overwhelmingly demanding.

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## Vickers claim settled

COMPENSATION for the shipbuilding activities of Vickers, which were nationalised in 1977, has been set at £14.45m.

Vickers has already received £11.6m and has been arguing its case for more before the Aircraft and Shipbuilding Industries Arbitration Tribunal.

The compensation figure was announced by the Department of Trade and Mr. D. D. Rae Smith of accountants Deloitte Haskins and Sells, the stockholders' representative. The sum payable is satisfied by the issue of Government stock, which will be made by the Bank of England as soon as possible.

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## Adwest Group's 17-year cycle of progress has slight setback

AFTER INCREASING profits for each of the past 17 years, the Adwest Group, engineer, reports a downturn from £8.83m to £8.29m in the pre-tax figures for the year to June 30, 1988. Turnover rose from £82.76m to £84m.

At the halfway stage, pre-tax profits showed ahead at £2.37m compared with £2.26m.

After tax down from £2.74m to £2.45m, stated earnings per 25p share are 28.4p (28.5p) undiluted, and 27.9p (24.4p) fully diluted. The final dividend is effectively raised from 4.825p to 5.33p for a total of 7.43p net (adjusted 6.75p), an increase of 10 per cent.

Trading profit for the year was £5.56m (£5.12m). Interest charged was down from £280,000 to £270,000 and minorities took £35,000 compared with £89,000. There were extraordinary items amounting to £177,000 (£7,000). Dividends absorbed £1.5m (£1.32m), leaving retained profits at £4.07m (£3.68m).

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day and the shares eventually lost all of the earlier gain to close unchanged at 92.5p. This ambivalent attitude is perhaps understandable. On one hand, the group is virtually free of debt, the track record has been very good and profits have weathered the effects of two national strikes and a fourth quarter slump without undue harm. The dividend, moreover, has been increased and the group is able to shut off a good part of its £10m capital spending budget by deferring property investment. Against that, the automotive division, contributing 56 per cent of turnover and 41 per cent of taxable profits, will be struggling to do much more than break even as things stand and the cost of a further 300 redundancies across the board will have to be absorbed below the line. Other activities are less obviously depressed. Electrical engineering, now worth a fifth of total profits, is taking orders well into next year and the stream of rental income is apparently set to rise by at least 20 per cent. But the growing feeling that industrial activity will not start to pick up until the back half of 1981 assumes that the current financial year will be poor yet the historic yield of 6.5 per cent distances Adwest from the more obvious victims of the engineering slump by almost the width of the industrial canvas.

The directors blame the greater part of the fall in the six months profits on higher interest charges—they rose in the period from £128,487 to £247,387.

Tax this time took £382,505 (£164,000). Last year's comparison included credit for deferred tax. Earnings per 25p share are stated as 5.2p, compared with 11.9p.

Retained profit fell from £802,456 to £553,082.

Last year shareholders received a dividend of 2p net from pre-tax profits of £1.58m.

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has been acquired by



**The undersigned acted as financial adviser to  
Selection Trust Limited in this transaction.**

London  
September 1980

**If you are looking for expertise in U.S. mergers and acquisitions, lease financing, private placements, industrial revenue or pollution control financing, consider us your European investment banker in America.**

**The Securities and Investment Banking Affiliate of Deutsche Bank.**

## BIDS AND DEALS

**SHARE STAKES**

**Chambers and Fergus—Mr. Harvey Michael Ross** holds 190,000 ordinary shares (5.3 per cent).

**Stock Conversion and Investment Trust—The trustee** interests of Mr. J. Levy and Mr. J. W. Wisbart, directors, have been reduced by 40,000 shares.

**Lancashire and London Investment Trust—Temple Bar Investment Trust** is now interested in 250,000 ordinary shares (6.25 per cent).

**Ward and Goldstone—Prudential Corporation** group now holds

**Wilson (Comolly) Holdings—L. A. Wilson, director,** is selling 25,000 shares.

**Churchbury Estates—London Trust** has disposed of 45,000 shares, reducing holding to 300,000 (18.7 per cent).

**Racian Property Trust—D. M. Anderson, director,** has ceased to be interested in 500,000 shares, the same having been sold by National Westminster Bank. The financial arrangements between Mr. Anderson and the bank are such that Mr. Anderson had no control over the time and the manner in which these shares were offered for sale.

**Law Debenture Corporation—Eagle Star Insurance** interested in 600,000 ordinary stock units (16.8 per cent).

It is confident that changes made in the last six months are already proving effective. Great efforts have been made to improve productivity, and policies directing the group into energy savings projects and products have been successful. The value of recent orders in this general area is in excess of \$1m.

Because of continuing acute liquidity problems Amalgamated Industrials has decided that the half-year dividend to September 30, 1980, on the 7 per cent (now 4.9 per cent plus associated tax credit) cumulative first preference shares will be passed.

**NO PROBE**  
The proposed acquisition by  
broker McConnell of certain  
sets of Gallaher is not being  
referred to the Monopolies  
Commission.

Jewson and Son, a subsidiary of International Timber Corporation, has acquired from Henry S. Tett and Co., its builders merchants division trading of Faversham, Kent loan stock alternative—8.02 per cent of the total.

The offers remain open. Woolworth is to compulsorily acquire the balance in due course.

■ A.B.N. Bank	16	■ Hambros Bank	16
■ Albany Irish Bank	16	■ Hill Samuel	16
■ American Express Bk.	16	■ Hongkong & Co.	16
■ Amro Bank	16	■ Hongkong Shanghai	16
■ Henry Ansbacher	16	■ Industrial Bk. of Scot.	16
■ A P Bank Ltd.	16	■ Keyser Ullmann	16
■ Arbuthnot Latham	16	■ Knowsley & Co. Ltd.	16
■ Associates Cap. Corp.	16	■ Langris Trust Ltd.	16
■ Banco de Bilbao	16	■ Lloyds Bank	16
■ Bank of Credit & Comce.	16	■ Edward Maitson & Co.	16
■ Bank of Cyprus	16	■ Midland Bank	16
■ Bank of N.S.W.	16	■ Samuel Montagu	16
■ Bank of Belg. Ind.	16	■ Morgan Grenfell	16
■ Banque du Rhone et de	16	■ National Westminster	16
■ la Tamise S.A.	16	■ North Central Trust	16
■ Barclays Bank	16	■ P. S. Rafton & Co.	16
■ Bremer Holdings Ltd.	16	■ Rossmiston	16
■ Brit. Bank of Mid. East.	16	■ Ryl. Bk. Canada (Ldn.)	16
■ Brown Shipley	16	■ Schleisinger Limited	16
■ Canada Permt Trust	16	■ E. S. Schwab	16
■ Cayer Ltd.	16	■ Security Trust Co. Ltd.	16
■ Cedar Holdings	16	■ Standard Chartered	16
■ Charbonnais Japhet	16	■ Trade Dev. Bank	16
■ Chaurouss	16	■ Trustee Savings Bank	16
■ C. E. Coates	16	■ Twentieth Century Bk.	16
■ Consolidated Credits	16	■ Union Bank of Switzerl.	16
■ Co-operative Bank	16	■ Whiteaway & Laidlaw	16
■ Corinthian Secs.	16	■ Williams & Glyn's	16
■ The Cyprus Popular Bk.	16	■ Wintrust Secs. Ltd.	16
■ Duncan Lawrie	16	■ Yorkshire Bank	16
■ Eagle Trust	16		
■ East Trust Limited	16	■ Members of the Accepting Houses	
■ E. First Nat. Flin. Corp.	16	■ Committees.	
■ First Nat. Secs. Ltd.	16	■ 7-day deposits 14% 1-month	
■ Robert Fraser	16	■ deposits 14 1/2%.	
■ Antony Gibbs	16	† 7-day deposits on sums of £10,000	
■ Greybound Guaranty	16	■ 14% and over £20,000	
■ Grindlays Bank	16	■ 14% and over £20,000	
■ Guinness Mahon	16	■ Call deposits over £100,000	
		■ Demand deposits 14 1/2%.	

**THE  
LAIRD GROUP  
LIMITED**

## Interim Results 1980

***(subject to audit)***

	Half Year to 30 June 1980 £'000	Half Year to 30 June 1979 £'000	Year 1979 £'000
<b>Turnover</b>	<b>93,253</b>	<b>101,176</b>	<b>207,046</b>
<b>Profit before Tax</b>	<b>5,428</b>	<b>5,043</b>	<b>10,734</b>
Tax	(2,000)	(1,750)	(3,046)
<b>Profit after Tax</b>	<b>3,428</b>	<b>3,293</b>	<b>7,688</b>
Extraordinary items	—	—	(729)
<b>Profit available for Ordinary Stockholders</b>	<b>3,428</b>	<b>3,293</b>	<b>6,959</b>
Dividend	(940)	(823)	(1,645)
<b>Retained Profit</b>	<b>2,488</b>	<b>2,470</b>	<b>5,314</b>

## Notes

1. An interim dividend of 1.85p net per Ordinary Stock Unit (1979 1.7p net) will be paid on December 1980. It is intended to recommend a total dividend for 1980 of 3.7p net (1979 3.4p net).
2. The tax charge includes £0.6 million of overseas tax (1979 £1.4 million).
3. All the agreed compensation of £3.75 million for the nationalisation of Scottish Aviation in 1977 has now been received. This is not reflected in these interim results. The claim for compensation for the 50% shareholding in Cammell Laird Shipbuilders has been referred to arbitration.
4. The Accounts for 1979 included a provision of £18 million to reflect the Directors' estimates of all losses to be incurred as a result of the closure of The Patent Shaft & Steel Works Limited earlier this year. The Patent Shaft & Steel Works is not included in the results for the first half of 1980.
5. It has been agreed, subject to the approval of Ordinary Stockholders, to acquire the business of Newby & Twiss Drill Corporation, a U.S. company, at a price of \$32.5 million. Full details will be circulated shortly to all Stockholders.







## Bid spurs asset sale at City Investing

By Terry Byland

PLANS BY City Investing, the New York housebuilding and manufacturing conglomerate, to sell assets worth an estimated \$900m were precipitated by last July's unwanted bid approach by Tanco Enterprises, Mr. G. Scharffenberger, the chairman, said in London yesterday.

Tanco, the private investment vehicle of Mr. Lyman C. Hamilton, former head of International Telephone and Telegraph, offered the equivalent of \$2.50 a share for the whole of City's assets. But, said Mr. Scharffenberger, an independent appraisal had valued the assets at \$48.50 a share.

Mr. Scharffenberger was unwilling to itemise the assets now on offer but said that they had a book value of \$541m and an estimated market value of \$800m. The assets, equally divided between shares and real assets, are likely to include oil and gas interests among which is a holding in the Buchanan field in the North Sea. The board disclosed in July that it was considering selling off the Buchanan stake.

The planned sales, which represent less than 10 per cent of total assets, are seen as merely a trimming of less productive assets and not as a major restructuring of the company. There were no plans for further substantial sales in the near future.

The proceeds will go towards reducing City's balance-sheet debt which at present stands at about \$1.5bn compared with \$1.1bn of equity capital.

## Advance for Rite Aid

By Our Financial Staff

RITE AID CORPORATION, the expanding discount drug store group, pushed up net profits by 20 per cent from \$6.55m to \$7.88m in its second quarter. At the same time sales rose by 14.6 per cent to \$229.1m.

Earnings per share were 75 cents compared with 62 cents. The previous year's figures have been adjusted to reflect the change to last-in-first-out (LIFO) accounting. For the latest quarter the LIFO charge was 6 cents a share against 4 cents for the 1979 quarter.

After six months profits were up by 19.7 per cent from \$12.39m to \$14.52m, on sales almost 19 per cent ahead from \$381m to \$452.8m. Earnings per share advanced by 23 cents to \$1.41, with the LIFO charge at 14 cents (10 cents previously).

## Seatrains deal will boost Narby's Atlantic position

BY WILLIAM HALL, SHIPPING CORRESPONDENT

Mr. Frank Narby's Cast Containers group has agreed to take over a substantial part of the North Atlantic marketing organisation of the ailing Seatrain group, a move which will considerably strengthen Cast's position in the North Atlantic.

Eurocanadian Shipholdings of Bermuda (Cast's parent) has agreed to pay Seatrain \$5m for 20 Seatrain offices in North America and Europe. It has also agreed to take on 200 of Seatrain's staff and 1,000 forty-foot boxes.

Earlier this month Seatrain announced that it was pulling out of the U.S.-North Atlantic container trade and "sub-chartering" six of its container

ships to Trans Freight Lines, an Australian shipping company. The deal also involved 7,000 containers.

Partly as a result of the fierce rate war on the North Atlantic, Seatrain has been under considerable financial pressure. Over the weekend it announced a fourth quarter loss of \$32.4m and said it was rescheduling its heavy borrowings.

Cast's move to take over a large part of the Seatrain marketing organisation comes after its decision to double its North Atlantic container capacity over the next two years. At the moment it is carrying about 80,000 twenty-

foot equivalent units (TEUs) a year.

Cast has ordered six new combined container/bulk carriers for its North Atlantic service. This will give it an annual carrying capacity of 180,000 TEU by 1982. The new ships are considerably more efficient than conventional container ships because they carry bulk cargo as well as containers and are equipped with economical diesel engines.

The Cast group employs 500 and has annual revenues of \$350m. Cast has recently ordered 4,000 forty-foot boxes (8,000 TEU in total) and is tripling the size of its trucking operations in North America and Europe.

## Sharp fall in fixed rate dollar bond prices

By Francis Giles

PRICES OF fixed interest rate dollar bonds declined by about 14 points across the board yesterday in the wake of another sharp rise in Eurodollar rates. The six-month Eurodollar rate gained 1 per cent to close at 14 1/2.

The rise in the U.S. discount rate had brought the Eurodollar market to a virtual standstill last Friday. Yesterday, however, there was more than a little evidence of institutions off-loading bonds, according to many dealers. The amount of paper being thrown into the market was not very large, but a total absence of any retail buying interest coupled with dealer unwillingness to add to inventories forced prices down.

The 10 1/2 World Bank bond to 1987 shed 2 1/2 points to finish the day at 87 1/2 while the 12 per cent GMAC bond to 1987 dropped 1 1/2 of a point on the day to finish at 94 1/2.

The D-Mark foreign bond sector also felt the effects of the chill winds blowing across the Atlantic.

Prices dropped by about 1/2 of a point across the board in very thin trading.

Meanwhile, the terms offered on the issue announced last night for the Swedish state nuclear power company, Forsmark, underlined the very tight rise in German bond yields. The borrower is paying a coupon of 8 1/2 per cent for this seven-year issue managed by Commerzbank, which is expected to be priced at par. In less than two weeks the new issue yield for prime borrowers has thus risen by 55 basis points.

The next issue in the French franc sector should be announced later today, a FFr 300m issue for Renault, through Societe Generale. The borrower is expected to pay a coupon of 13 1/2 per cent for five years. French franc bond yields have risen by about 1 per cent during the past eight days.

Two sectors of the market remain relatively calm. In the Swiss franc sector prices gained one-eighth of a point on the day. Swiss franc is arranging a Sfr 30m ten-year public floating rate bond for Autopistas Vasco Aragona which includes a minimum coupon of 6 1/2 per cent and a margin of 1 per cent and a price of 98.

In the dollar sector the Kingdom of Sweden has arranged a \$150m floating rate note issue through Salomon Brothers. Interest is set at 1 per cent over the six-month Libor rate for eight years with a minimum coupon of 5 1/2 per cent. Commissions on this issue, which comes in denominations of \$100,000 and is earmarked for bank portfolios, amount to 1 1/2 per cent. The issue has been underwritten by what is essentially a group of Japanese and Belgian banks.

Yamaichi is expected to launch one of the largest dollar convertibles for Matsushita Electric later today. The coupon is expected to be around 7 1/2 per cent. Seasoned convertibles were weaker yesterday.

The City of Stockholm became the second borrower to raise a Kuwaiti dinar bond since this sector of the market reopened at the end of last month. Kuwait Investment Company is arranging the KD 1m bond which carries a coupon of 9 1/2 per cent for ten years. This bond will bring to \$2.6bn the amount Swedish borrowers have raised in the international bond markets so far in 1980.

## Monaco gaming group setback

By Terry Dodsworth in Paris

SOCIETE des Bains de Mer, the company which manages the principal hotels and gaming rooms in Monaco, suffered a sharp fall in profits in the year to the end of March.

The group said that the profits slump, from FFr 13.5m to FFr 7.6m (\$1.8m), been caused mainly by the high level of inflation and low growth in the industrialised world. At the same time, performance was hit by the French air traffic controllers' strike last autumn.

The overall level of income from gaming fell by 12 per cent, but the company says that the performance of the different gaming enterprises varied widely. Roulette revenue, for example, was down 48 per cent. The American games increased receipts by 86 per cent.

On the hotels side, where SEM has been trying modernisation and improvements, the company managed to produce a trading profit for the third year in succession. Results in the current year show a slight improvement.

## Zimbabwe launches first attempt for Eurocredit

BY PETER MONTAGNON

ZIMBABWE has launched its first attempt to raise money in the Euromarkets. Its state airline, Air Zimbabwe, is seeking an \$11m credit to finance the purchase of three second-hand Boeing 707 aircraft and related spares from West Germany's airline, Lufthansa.

The credit is too small to be widely syndicated and so provides little indication of the degree of Zimbabwe's acceptability as a borrower in international credit markets. But it is none the less a small first step towards establishing a market presence for the country.

As such, an airline financing of this type was probably a wise choice, according to international bankers. Banks are often more willing to provide airline financing than other types of credit because the aircraft themselves provide a collateral to the lending. In the event of serious political disturbances in the borrower country, there is a chance that the aircraft will be located elsewhere and their collateral value thus believed to be more effective.

The mandate for the credit, which bears a Zimbabwe Government guarantee, has been

awarded to Manufacturers Hanover on the basis of a 1 1/2 per cent spread for the first two years rising to 1 3/4 per cent for the final three. There is an 18-month grace period but no front-end fees are involved.

There are no signs as yet that Zimbabwe will follow up this operation with another larger borrowing. Project finance will be needed soon for the Wankare coal-fired electricity generating station, but bankers believe this is more likely to come in the form of export credit finance rather than a conventional syndication.

## Gebrueder Buehler aids West German offshoot

BY JOHN WICKS IN ZURICH

THE SWISS engineering company, Gebrueder Buehler, is to absorb the losses of its West German subsidiary, Buehler-Miag, amounting to DM 22.56m (\$12.52m).

The German company, which is wholly-owned by Buehler, suffered a net loss of DM 15.1m (\$8.35m) in 1979, having entered the year with a carried-over deficit of DM 7.45m. Total losses exceed the Buehler-Miag capital of DM 19.3m.

Buehler's management said the decision to absorb the German subsidiary's losses had been taken "voluntarily". The parent company, it is stated, expects a positive development in Buehler-Miag business.

Buehler-Miag, which increased its turnover last year from DM 305m to DM 312m, has been suffering from "insufficiently high sales prices. Substantial increases could not be passed on to the market, where competition was most strong from weak-currency countries." The company, which now

intends to promote product development, built up its order book "considerably" in 1979. Further large orders are under negotiation.

● Hilti, the Liechtenstein-owned industrial concern, is expecting to reach its target of a Sfr 1.1m (\$61m) turnover this year, according to Mr. Martin Hilti, the chairman. In the first seven months of 1980, group sales rose by some 20 per cent, faster than the 18 per cent growth rate in 1979.

The family company, one of the world's leaders in construction fastening systems, reckons with another favourable profit in 1980.

● An unchanged 10 per cent dividend is recommended by Hasler Holding the parent company of the Berne-based Hasler electrical engineering concern. For the 1979-80 financial year, the holding company recorded increased net profits of Sfr 5.7m (\$3.5m) compared with Sfr 5.1m.

## Swedish group buys part of Plumrose

By Hilary Barnes in Copenhagen

FELIX INTERNATIONAL, foods subsidiary of the Swedish Beller group, has taken over Beauvais-Plumrose, the Danish subsidiary of the East Asiatic Company, the trading, industrial and shipping group.

The takeover does not affect Plumrose's meat canning activities. It involves the Beauvais-Plumrose ready-to-cook dinners, vegetables, pickles and tomato products, affecting about 640 of Plumrose's 1,500 workforce in Denmark.

Felix was recently sold to Beller by Carlsberg Foods. Felix has subsidiaries in Austria, West Germany and the UK. Its production range includes potato powder, deep frozen potato chips, ketchup, ready-to-cook dinners and vegetables.

No price for the takeover was given, but it is understood to have been around SKr 100m. Felix's management has said that the acquisition would give the Swedish company an important production unit in an EEC country.

## FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

U.S. DOLLAR	Issued	Bid	Offer	Change	Yield
Art. Oxygen Fr. 10% 90	50	81	81 1/2	-1 1/2	14.42
CECA 11 1/2 88	100	91	91 1/2	-1 1/2	14.30
Cheniere O/S Fr. 10 88	300	88 1/2	89 1/2	-1 1/2	14.22
Cheniere O/S Fr. 10 88	300	88 1/2	89 1/2	-1 1/2	14.22
Cheniere O/S Fr. 10 88	300	88 1/2	89 1/2	-1 1/2	14.22
Cheniere O/S Fr. 10 88	300	88 1/2	89 1/2	-1 1/2	14.22
Cheniere O/S Fr. 10 88	300	88 1/2	89 1/2	-1 1/2	14.22
Cheniere O/S Fr. 10 88	300	88 1/2	89 1/2	-1 1/2	14.22
Cheniere O/S Fr. 10 88	300	88 1/2	89 1/2	-1 1/2	14.22
Cheniere O/S Fr. 10 88	300	88 1/2	89 1/2	-1 1/2	14.22

DEUTSCHE MARK	Issued	Bid	Offer	Change	Yield
Austria Rep. of 5% 90	100	105	105 1/2	-1 1/2	5.83
Austria Rep. of 5% 90	100	105	105 1/2	-1 1/2	5.83
Austria Rep. of 5% 90	100	105	105 1/2	-1 1/2	5.83
Austria Rep. of 5% 90	100	105	105 1/2	-1 1/2	5.83
Austria Rep. of 5% 90	100	105	105 1/2	-1 1/2	5.83
Austria Rep. of 5% 90	100	105	105 1/2	-1 1/2	5.83
Austria Rep. of 5% 90	100	105	105 1/2	-1 1/2	5.83
Austria Rep. of 5% 90	100	105	105 1/2	-1 1/2	5.83
Austria Rep. of 5% 90	100	105	105 1/2	-1 1/2	5.83

SWISS FRANC	Issued	Bid	Offer	Change	Yield
Austria Rep. of 5% 90	100	105	105 1/2	-1 1/2	5.83
Austria Rep. of 5% 90	100	105	105 1/2	-1 1/2	5.83
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Austria Rep. of 5% 90	100	105	105 1/2	-1 1/2	5.83
Austria Rep. of 5% 90	100	105	105 1/2	-1 1/2	5.83
Austria Rep. of 5% 90	100	105	105 1/2	-1 1/2	5.83
Austria Rep. of 5% 90	100	105	105 1/2	-1 1/2	5.83
Austria Rep. of 5% 90	100	105	105 1/2	-1 1/2	5.83
Austria Rep. of 5% 90	100	105	105 1/2	-1 1/2	5.83

YEN STRAIGHTS	Issued	Bid	Offer	Change	Yield
Australia 5.5 88	30	91 1/2	92 1/2	-1 1/2	8.73
Australia 5.5 88	30	91 1/2	92 1/2	-1 1/2	8.73
Australia 5.5 88	30	91 1/2	92 1/2	-1 1/2	8.73
Australia 5.5 88	30	91 1/2	92 1/2	-1 1/2	8.73
Australia 5.5 88	30	91 1/2	92 1/2	-1 1/2	8.73
Australia 5.5 88	30	91 1/2	92 1/2	-1 1/2	8.73
Australia 5.5 88	30	91 1/2	92 1/2	-1 1/2	8.73
Australia 5.5 88	30	91 1/2	92 1/2	-1 1/2	8.73
Australia 5.5 88	30	91 1/2	92 1/2	-1 1/2	8.73

## FEDERAL REPUBLIC OF NIGERIA

U.S. \$41,000,000  
MEDIUM TERM LOAN

Arranged by

BANQUE DE PARIS ET DES PAYS-BAS (LONDON)

NATIONAL WESTMINSTER BANK LIMITED

N. M. ROTHSCHILD &amp; SONS LIMITED

Lead Managers

Banque de Paris et des Pays-Bas (London)

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Banque Internationale pour l'Afrique Occidentale

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BANQUE DE PARIS ET DES PAYS-BAS (LONDON)

September 1980

فكتا من النحل



## IBH COMPLETES TEREX PURCHASE

## Taking on the multi-nationals

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

THE SALE by General Motors of its Terex subsidiary to the IBH group, announced in Detroit yesterday, puts the German-based IBH into the top league of international construction equipment manufacturers. The inclusion of Terex pushes forecast sales in 1981 up to DM 2.5bn (\$1.3bn) where it ranks alongside manufacturers like John Deere and Case-Poelain.

More important is that the acquisition brings a range of heavy earthmoving equipment into the IBH product line, which had previously been absent, and greatly improves its North American distribution. The established Terex dealer network in other parts of the world, which includes the Blackwood Hodge group in many countries, will also increase the effectiveness of IBH's distribution outside Europe.

The deal that has been struck between Horst-Dieter Esch, president and chief executive of IBH, and General Motors, resembles closely that which has been concluded with other groups. The purchase price has not been disclosed, but General Motors has agreed to

put up DM 40m in return for a 13.6 per cent stake in IBH.

The deal will become effective on January 1, 1981, giving Esch the opportunity to gain an inside view of the operation before finally taking it over. In the past, this breathing space has frequently been used to make top management changes. Esch has a theory that the problems of many companies in this sector are due to top-heavy management in relation to the size of the total work force.

At this stage, it is not possible to speculate on whether Terex falls into this category. Esch had been looking for a company in the U.S. which is already well-managed, because he did not feel that he could spare the time to spend a long period away from Europe getting a company into shape.

Terex has not been particularly successful in recent years. It was acquired by GM in 1953, and looked at one time to be a natural and successful extension of GM's automotive activities. But competition among construction equipment manufacturers has intensified, and Terex—specialising in heavy-duty equipment for use in high public sector construction projects, mining—has lost out to

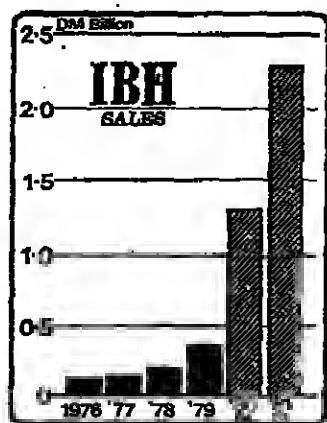
the world leaders, Caterpillar and Komatsu.

The manufacture of construction equipment requires continuing up-dates of investment in capital equipment, and many experts argue that successful marketing requires the single-

Esch's success in the last five years has been nothing short of phenomenal. He is still the largest shareholder in the private company which he formed. When asked where he finds the money to take over ailing companies, he points to the banks and private investors in Germany which are willing to back his judgment.

Starting from the base of a few companies in Germany and France, he has acquired Hymac in the UK from Powell Duffryn, Hanomag in Germany from Massey-Ferguson, followed by another German company, Wibau, and a stake—believed to be around 13 per cent—in the Chicago-based Pettibone Corporation, all within the past two years.

Terex, which has factories in the U.S., Scotland, Brazil and Canada, is IBH's most ambitious move to date. (The deal will not include GM's components operations in Peterhead, Scotland, or the production operation at the diesel division in Canada.) But there will be no shortage of potential sellers queuing at the company's door in the hope of persuading Esch to take on yet another loss-maker.



mindful dedication which is only permitted in companies that are wholly engaged on this type of machinery. GM, by contrast, has been increasingly absorbed in the demands posed by the re-equipment of its automobile plants.

## German Cartel Office attempts French veto

By Leslie Collett in Berlin

IN AN attempt to exercise its powers outside its national boundaries, the West German Cartel Office has vetoed a French deal between Bayer, the major German chemical group, and the U.S. tyre group, Firestone.

The deal involves the acquisition by Bayer France of a plant in Fort Jerome near Le Havre, belonging to Firestone France. Bayer intends to appeal against the Cartel Office decision.

The Cartel Office in West Berlin, an independent agency of the Bonn Economics Ministry, argued that the takeover would increase the "market dominance" position in West Germany of Bayer and Buntawerke Huls, its 50 per cent-owned subsidiary.

The Firestone factory in question sells 90 per cent of its production outside West Germany, mainly in France. But the Cartel Office noted that Bayer would also acquire licences and patents from Firestone and that the capacity of the factory could be used to gain a larger share of the West German market. Equally important, it said, was that a "potential competitor" of Bayer would be eliminated.

Bayer, which had a turnover last year of DM 26bn, charged that this was the first time the Cartel Office had intervened "in the structure of the French economy." The company said that it had not taken into consideration German and French economic interests.

The Cartel Office admitted this was the first time a German subsidiary outside West Germany was being prevented from taking over a non-German production facility.

## Advance at Thomas Nationwide

BY JAMES FORTH IN SYDNEY

THOMAS Nationwide Transport (TNT), the international transport group, lifted earnings by 72 per cent in the year to June and has stepped up the dividend. Group profits, including equity accounted earnings, jumped from A\$23.3m to A\$40.16m (US\$47m).

The result reflects only 23 per cent of the earnings of Ansett Transport Industries (ATI), the airline, transport and television group. TNT now holds 50 per cent of ATI, with News Corporation the other 50 per cent, after a protracted struggle for control of the group last year.

The current full year's result will reflect the higher AT stake and Sir Peter Abeles, TNT's chief executive, said yesterday that another sales and profit increase was expected.

The inclusion of A\$4.35m of ATI's earnings meant that Australian activities accounted for slightly more than half (50.4 per cent) of group profits for the latest year. The result lifted earnings a share from 31.77 cents to 44 cents, providing cover for the dividend, which is raised from 11 cents to 13 cents. Turnover advanced by 28 per cent to A\$72.03m and

investment income doubled to A\$21.85m.

Trans Freight Lines had a very successful year, the directors said, and since year-end the fleet has been doubled by acquiring the North America-Europe Atlantic operations of Seacrain SA, which expanded the existing operation and added a Mexico-Europe service. They added that all U.S. activities performed well and a large increase in business for Alltrans Alaska and Alltrans Arctic was expected when construction of the Alaska gas pipeline commenced.

## Dunlop Australia just ahead

BY OUR SYDNEY CORRESPONDENT

DUNLOP AUSTRALIA, the diversified industrial group, managed only a 1.8 per cent gain in earnings from A\$21.1m to A\$21.44m (US\$25.1m) in the year to June, but the directors have lifted the dividend from 7 cents a share to 7.5 cents.

Sales rose by almost 14 per cent from A\$637m to A\$724m and pre-tax earnings were nearly

20 per cent bigger at a record A\$37.9m. An increase in the tax bill from A\$9.5m to A\$15.26m, reflecting the loss of the trading stock valuation adjustment and lower investment allowances, resulted in the only marginal rise in earnings.

The directors said the result was "very pleasing" in the light of the general economic conditions. They commended

the Australian government for its recent decision to continue protection for the footwear, clothing and textile industries.

Results for the current year will reflect the A\$80m takeover of Olympic Consolidated Industries, the tyre, cable and industrial group. Dunlop of the UK holds just over 10 per cent of Dunlop Australia's capital.

## Record at Hanimex despite jump in tax

BY OUR SYDNEY CORRESPONDENT

HANIMEX, the international photographic and leisure goods manufacturer, increased earnings by 38 per cent from A\$4m to a record A\$5.6m (US\$6.5m) in the year to June, despite a four-fold increase in tax and slow business conditions in European distribution subsidiaries.

The dividend has been increased from 8 cents a share to 8.5 cents payable on capital increased in the year by one-for-

ten scrip and cash issues. The directors expect to pay 9 cents a share for the current year.

Turnover rose 18 per cent from A\$128m to A\$151m (US\$177m). Pre-tax profit was 66 per cent higher at A\$7.39m but tax jumped from A\$437,000 to A\$1.8m. The tax increase would have been greater but for stock appreciation relief of A\$1.2m made in the UK. The directors said the group's UK operations made a strong contribution to results with an outstanding lift in both sales and profits.

Although distribution subsidiaries in Europe experienced difficult economic conditions and relatively slow growth in demand for photographic equipment, the Australian operations showed significant gains. Unfavourable economic conditions in the U.S. caused difficulties and the division incurred a small loss.

## Pick'n'Pay raises income as more outlets open

BY OEL KILALEA IN JOHANNESBURG

PICK'N'PAY, one of South Africa's largest food retailing groups, increased its pre-tax earnings by 25 per cent to R9.4m (\$12.4m) in the five months to end-August, on a gain in turnover of 30 per cent to R335m. The nationwide supermarket organisation looks set to beat its minimum 15 per cent to 20 per cent gross with target for the full financial year to end-February. Earnings a share rose to 243 cents in the half from 187 cents and a 58 cent interim dividend has been declared, against 44 cents.

Pick'n'Pay continued its store expansion programme in the six months by opening a supermarket and a hypermarket and four new outlets are scheduled in the September to February period. The openings were the reason why the pre-tax profit margin in the first six months trading

fell to 2.8 per cent, from 2.9 per cent the previous year. Mr. Raymond Ackerman, the chairman, comments that planning and opening of new stores is becoming increasingly costly, but ultimate returns, he says, more than justify these expenses. The group now has 52 supermarkets and hypermarkets throughout South Africa.

One of the group's stores opening planned for the second half of the year is a hypermarket at Mitchells Plain, near Cape Town. This is to be operated by an associate in which Pick 'N' Pay will own 49 per cent, with 51 per cent being offered to the local lower-income population.

The outlook for the second half is bright. Though Mr. Ackerman has admitted that large turnover and profit gains are difficult from so big a base, he expects that the second six months will contribute a greater proportion of the year's earnings than previously. This comes on the back of the group's success with its five hypermarkets in the Christmas trade periods.

Last year the second six months produced sales of R297m, compared with R258m in the first half. Based on forecasts for the second six months and the consumer boom, there is little reason why the 12 months sales total should not be around R750m. This would indicate earnings of 650 cents compared with 481 cents last year.

The group has indicated that the liquidity arising from being a cash business will mean a gradual increase in the percentage paid out in dividends to shareholders. Market estimates for 1980 suggest that this year's dividend could be 210 cents (180 cents). Ahead of the interim announcement, the share price added 60 cents to 4,400 cents on the Johannesburg stock exchange to yield 5 per cent.

## Harvester poised to take control of Enasa

By Robert Graham in Madrid

INTERNATIONAL Harvester (IH) and the Spanish State holding company, INI, were yesterday due to sign a Pta 15.4bn (\$220m) deal whereby IH is to take over management of the heavy vehicle producer Enasa, and set up a new engine plant in Spain.

The deal has been under negotiation for over a year and was originally to have been signed at the end of July. However, IH delayed signature pending further studies on the valuation of the company and fresh negotiations on the extent to which the Spanish Government would absorb Enasa's losses.

INI currently owns 91 per cent of Enasa, Spain's largest producer of medium and heavy trucks. Under the deal INI is expected first to buy out the remaining shareholders (mostly banks). It will then sell 35 per cent of the equity to IH who would contribute to enlarging Enasa's capital base.

Parallel with this, a new joint INI-IH company will be set up, this time with IH holding the 65 per cent controlling stake, to produce engines. Initial capacity of the plant is scheduled to be 100,000 units.

It seems that INI will guarantee to cover Enasa's losses for up to three years after signature of the agreement. Last year Enasa's losses amounted to \$100m. But INI is willing to pay this price in order to have the company fully integrated into a multinational company.

Without such integration INI officials believe Enasa has no future. It was this degree of logic which led INI to try to integrate Seat with Fiat, albeit unsuccessfully.

INI is also close to signing an agreement to integrate its light vehicle producer, Neovisa, with Daimler-Benz.

## New Peugeot plant

GLAENZER - SPICER, a French subsidiary of Unicardian of West Germany, intends to set up a plant manufacturing universal joints for the auto industry in association with French motor group, Peugeot. APD reports from Paris: Unicardian belongs to the GKN group of the UK.

## HK Land raises interim earnings and dividend

BY PHILIP BOWRING IN HONG KONG

HONG KONG LAND Company has reported first-half profits to the end of June, excluding extraordinary items, of HK\$227.8m (US\$46.32m), an increase of 54.5 per cent over the corresponding period of 1979. At the same time, the board has raised its forecast for the whole year by HK\$100m to not less than a record of HK\$550m (US\$112.34m), a rise of 83 per cent on the HK\$301.5m for 1979.

In addition, the company also involved in retailing. Its gains would total another HK\$151m compared with HK\$58m last year. The principal benefits would come from the sale earlier this year of Gammon House, resulting in an

extraordinary gain of some HK\$280m, and the sale of shares in Hong Kong and Kowloon Wharf to Sir Yue-Kung Pao during the struggle for control of Wharf in June, which was eventually won by Sir Yue-Kung. That is unofficially estimated to have netted Hong Kong Land a gain in excess of HK\$500m.

The company is a property owner engaged in hotel operations in Hong Kong and south-east Asian countries, and is also involved in retailing. Its gains would total another HK\$151m compared with HK\$58m last year. The principal benefits would come from the sale earlier this year of Gammon House, resulting in an

chairman, said that despite the effects of inflation throughout the world on Hong Kong, the year had started well.

Mr. Trevor Bedford, managing director, said that the cash flow from the extraordinary gains was being used to reduce gearing, in particular to retire floating rate debt. He said that the company's Dairy Farm Group so far this year had achieved a 182 per cent increase in turnover, with its sales in the first half reaching HK\$1.55bn (US\$300m), partly aided by sales from the newly acquired Franklins Stores group of Australia. He declined to forecast a final dividend or say whether any bonus issue was likely.

## Malaysian Airline System hit by increased costs

BY WONG SULONG IN KUALA LUMPUR

AFTER-TAX profit of Malaysian Airline System (MAS), the state-owned carrier, for the year ended March fell to 16m ringgit (\$7.5m) from 28.2m ringgit.

A sharp increase in fuel and other costs, an industrial dispute that hit MAS in early 1979, and the grounding of its DC10 fleet for a month in compliance with a U.S. Federal Aviation Administration (FAA) directive, were put as causes for the fall in earnings.

As for 1978-79, after-tax profits have been arrived at after a speeding-up of depreciation of the group's assets. For 1980, MAS decided to write off depreciation on six of its Boeing 747s over eight years, instead of 10, at a cost of 21.7m ringgit. For 1979, after-tax profits were reached after writing off all deferred charges, amounting to 18.4m ringgit. Total revenue increased by 21 per cent to 581m ringgit, but

expenditure rose by 28 per cent to 439m ringgit. The number of passengers carried rose by 23 per cent to 3.48m, although the overall passenger load factor remained at 68 per cent.

In terms of load tonne kilometres, cargo transported was 5 per cent higher at 81m.

During the year MAS put into operation its fleet of three Airbus, and phased out the Boeing 707 on the Orient route. The airline also began a thrice weekly flight to London and Melbourne/Sydney, and Dubai was added as the company's fifty-seventh destination.

Rais Mohar, the chairman, said the coming years were likely to be tough. Apart from continual rises in fuel costs, MAS expects keen competition arising from the over-capacity of the aviation industry and from the introduction of low fares on certain routes.

## HK shipping groups show steady growth

By Our Hong Kong Correspondent

TWO HONG KONG based shipping companies have reported steady earnings growth in the half-year to end-June. Orient Overseas Container (Holdings) Ltd (OOCL), which recently acquired Furness Withy of the UK, has reported net profits up by 13.4 per cent to HK\$2.8m (US\$12.6m).

The interim dividend was raised to 10 cents from 9.5 cents. OOCL, the quoted vehicle of Mr. C. Y. Tung's shipping empire, is primarily engaged in scheduled container services but has recently been expanding rapidly its bulk and tanker business.

Meanwhile, Wah Kwong Shipping and Investment Company (Hong Kong), which primarily owns bulk and specialised carriers and tankers on long term charter, reported first half net profits of HK\$2.5m (US\$10.6m). This compares with HK\$44.7m for the same period of the previous year.

## Exports boost Komatsu profits

BY YOKO SHIBATA IN TOKYO

AN EXPORT-LED improvement in consolidated earnings has been reported by Komatsu, the world's second largest manufacturer of construction machinery, for the interim period to June 30. Consolidated net earnings jumped by 37.7 per cent to Y15.42bn (\$62.5m) on sales of Y315.08bn (\$1,470m) up 18.1 per cent over the same period of previous year.

Profits per share advanced to Y18.48 from Y13.53. A reduction in spending on public works, hit Komatsu's

domestic sales of construction machinery. But this decline was offset by a rise in industrial machinery sales and by buoyant exports of large bulldozers to the Middle East and South East Asia. Overseas sales accounted for 41 per cent of the total.

With favourable exports of bulldozers, sales of construction machinery increased by 18.3 per cent to account for 80.3 per cent of total sales. Sales of industrial machinery such as presses increased by

13.3 per cent to account for 5.6 per cent of the total.

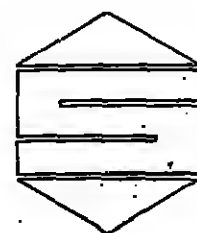
For the current half year, ending December, the company expects an increase in sales of large presses, baling work orders from Ford and General Motors, and continuing export boom of bulldozers to South East Asia and the Middle East. In order to offset raw material cost increases, the company raised domestic selling prices from July. Gains are expected in both sales and earnings for the full year.

This announcement appears as a matter of record only.



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September 1980

U.S. \$25,000,000

Floating Rate London-Dollar Negotiable  
Certificates of Deposit, due March 31st, 1981

**THE SANWA BANK  
LIMITED**  
LONDON



In accordance with the provisions of the Certificates, notice is hereby given that for the six month Interest Period from 30th September, 1980 to 31st March, 1981, the Certificates will carry an Interest Rate of 13 1/2 % per annum. The relevant Interest Payment Date will be 31st March, 1981.

Credit Suisse First Boston Limited  
Agent Bank

U.S. \$25,000,000

Floating Rate Notes Due 1989

**UNITED OVERSEAS BANK LIMITED**

(Incorporated in the Republic of Singapore)



In accordance with the provisions of the Notes, notice is hereby given that for the three month Interest Period from 30th September, 1980 to 31st December, 1980, the Notes will carry an Interest Rate of 13 1/2 % per annum. The relevant Interest Payment Date will be 31st December, 1980 and the Coupon Amount per U.S. \$1,000 will be U.S. \$34.18.

Credit Suisse First Boston Limited  
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## OFFSHORE & OVERSEAS FUNDS

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Hobson Bldg, EC4A 3BH

Fixed Inc. Sept. 13

Fixed Inc. Sept. 13

Prof. Feb. Mar. 1985

01-405 9222

Almay Fund Management Limited

P.O. Box 100, Jersey

Adany 34 J.C. (C)

Net dealing Oct. 1

0534 72

Alexander

27, rue Notre-Dame, Luxembourg

Net asset value Sept. 22

1594 10

Allen Warner & Ross Inc. Mgt. (C.I.)

11 Charing Cross, St. Helier, Jersey

P.O. Box 100, Jersey

Adany 34 J.C. (C)

Net dealing Oct. 1

0534 72

Atlantic International Dollar Reserve

100, rue de la République, Hamilton, Bermuda

A.C. Adm. 210 High Holborn, London

Arbuthnot Securities (C.I.) Limited

P.O. Box 284, St. Helier, Jersey

Edm. Int. Sept. 11

Govt. Secs. Tr. (C.I.)

Govt. Secs. Tr. (C.I.)

Sterling Fd.

Do. (C.I.)

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Bank of America International S.A.

35 Boulevard Royal, Luxembourg

Prices at Sept. 23, Next sat. Oct. 02/02/85

Banco Braces Limited

2, rue de la République 8 1000 Brussels

Net asset value Sept. 22

Barclays Bank (C.I.) Limited

P.O. Box 63, St. Helier, Jersey

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P.O. Box 63, St. Helier, Jersey

Net asset value Sept. 22

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Net asset value Sept. 22

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# FT SHARE INFORMATION SERVICE

## LOANS

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## Stoppage called by Poles

By Christopher Bobinski in Warsaw

POLAND'S most powerful independent union which claims about 3m supporters is to call a one-hour national stoppage on Friday, the first direct union action since the strikes ended in August.

The decision of the union, the National Committee of Solidarity, comes as serious differences are emerging within Poland's politburo, the Communist party's top policy-making organ, about how to apportion blame for the party's current problems and over what new policies to propose to the Central Committee.

The union's stoppage at mid-day on Friday is being held in protest at the non-implementation by the authorities of a promise to grant wage increases by the end of the month to Polish workers, as agreed when the strikes ended.

The meeting of the party central committee has already been delayed following the rejection by the politburo on Friday of draft policy documents.

The delay gave rise to rumours that Mr Stanislaw Kania, the new First Secretary, had left Warsaw for Moscow to face strong Soviet criticism of the party's attitude towards the new trade unions.

Officials here have denied that Mr Kania left Warsaw, while the official party newspaper, *Trybuna Ludu*, published a strong defence of the new independent unions, in apparent reply to criticism voiced in the Soviet news-  
paper *Pravda*.

Mr Kania wrote that the large part of the party's work was a renewal of the party's role in the new independent unions, in apparent reply to criticism voiced in the Soviet news-  
paper *Pravda*.

Yesterday the politburo met again to discuss its differences and to set a new date for the postponed central committee meeting.

The party leadership under Mr Kania is thought to hold the view that a thorough break with the past, involving a public account of past errors and corrupt practices, is needed at the meeting if popular confidence in the party is to be restored.

This approach is opposed by those in the politburo who fear that their own positions are threatened. Other members are counselling caution on the grounds that a radical appraisal could consolidate die-hard opposition to new reformist policies among provincial officials within the central committee itself.

The leadership also intends to propose changes in the party statutes which would ensure greater internal democracy and which would be voted on by an extraordinary congress to be held in the next few months.

Continued from Page 1

## Labour

Leadership rules are maintained, deliberately set out to disprove the claims of his opponents that he would make a divisive leader.

His one contentious comment was on the need for a future Labour Government to plan for a managed economy "covering prices and incomes, as well as everything else."

But to the relief of Mr. Healey and other moderates, the conference endorsed the launching of talks with the unions to work out a new social contract covering incomes policy before the next election.

Contradictory motions were passed on economic strategy but, in essence, the conference endorsed the agreement reached by the TUC this month on the desirability of agreement with a future Labour Government on economic planning, prices, incomes and profits.

## Brussels sparks EEC discord

By Giles Merritt in Brussels

A HEAVILY-accented foreign voice has raised itself over the hubbub of the Labour Party's debate at Blackpool on continued British membership of the Common Market.

In doing so it has sparked a lively row inside the EEC over the use that officials working for the Community should make of its machinery when seeking to influence domestic policies.

For the voice of the uninvited speaker at Blackpool is that of the Brussels EEC Commission, and its heavy accent is on the advantages that British industry is reckoned to have derived from EEC export markets.

Even at first sight, publication of the special analysis under the

President Pertini consults political leaders

## Bid to resolve Italian crisis

By Rupert Cornwell in Rome

PRESIDENT Sandro Pertini of Italy last night began a painstaking round of consultations with political leaders to try to find a solution to the country's latest Government crisis.

At the same time, there were strong expectations that the cost of credit to industry would once again increase after Sunday's emergency bank rate rise.

The commercial banks are likely to pass on to borrowers the full 1.5 per cent point rise in the bank rate, which now stands at 16.5 per cent, a record for Italy and the highest in Western Europe.

The lira itself, however, seems to have weathered the upheavals of the week-end reasonably well, helped also by

the stringent measures aimed at preventing leads and lags speculation against the currency.

Although the lira slipped against the U.S. dollar by four points to close on the Italian foreign exchange markets at 862.50, it showed little change against the currencies of other member countries of the European Monetary System.

Sig. Francesco Cossiga, who resigned as Prime Minister on Saturday, called a Cabinet meeting last night to launch key economic measures, which were made necessary by Parliament's rejection of his Government's economic stabilisation package.

What these measures will amount to was not clear last night, but at the very least they

are likely to remove some of the confusion that has arisen over parts of the previous package (including the July rise of L50 a litre in the petrol price) which have technically lapsed.

The prospect of a new credit squeeze (and the absence of a lira devaluation) took a predictably heavy toll yesterday of prices on the Milan Stock Exchange, which had recently been enjoying a sustained boom.

The general index of the Bance Commerciale Italiana dropped by 2.5 per cent to 136.1, but still stood more than 60 per cent above its low for this year.

Sig. Pertini's consultations are likely to prove difficult. A decision on whether to ask Sig. Cossiga to go again before the

chamber, or to nominate another Prime Minister-designate, is unlikely before Thursday. There was scant indication last night of the political formula for the next government.

Meanwhile, some fears have been expressed about whether the state visit of Queen Elizabeth II will go ahead as planned from October 14 to 17, when it might well fall in the midst of a prolonged and difficult government crisis.

But it seemed improbable last night that the trip would be affected. The Queen is the guest of the Italian President, and not of the government.

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## Bass and Whitbread in soft drinks merger

By Gareth Griffiths

BASS and Whitbread have merged their soft drinks interests to create a joint company, which became operational yesterday with an annual turnover of more than £80m and over 2,500 employees.

The new company, Britannia Soft Drinks—owned 65 per cent by Bass, whose leading soft drinks brand is Canada Dry, and 35 per cent by Whitbread, which has the R. White and Rawlings names—is the third largest in the UK soft drinks industry.

Bass and Whitbread said yesterday it would be able to benefit more quickly from investment opportunities and provide a better platform to launch new products.

Talks between the two companies were held over the past six months and a deal was widely expected. The company will trade as Canada Dry Rawlings.

This year's soft drinks sales by Bass and Whitbread, and now Britannia Soft Drinks, are expected to be about 42m

gallons, going to 40,000 trade customers.

Britannia's outlets include 9,800 Bass managed and tied public houses, and about 7,000 Whitbread public houses. However, the main marketing emphasis will be on the take home business.

Soft drinks sales have done well over the past two years with average annual real growth of about 3 per cent. But the mixer drinks sector, where Bass's sales in particular have been concentrated, has not done so well. There are strong indications that mixer drink sales in public houses are falling.

The Bass-Whitbread deal is bound to have an impact on Cadbury Schweppes which dominates the soft drinks market and sells more than half the mixer drinks in the UK.

Bass's hope is that Canada Dry Rawlings will provide more effective competition for Schweppes in the public house trade.

Britannia Soft Drinks last

night ruled out any immediate cutbacks of its eight production units, though the workforces would be slimmed down by natural wastage. But it was unlikely there would be many redundancies, the company said.

Canada Dry is strong in the North and the Midlands. The Whitbread soft drinks division has done well in the South East. Both Bass and Whitbread hope the geographical mix will improve distribution networks as well as providing consumers with a wider choice of drinks.

Bass must be hoping the merger will also provide a wider launching ground for its alcohol free lager, Barbican, which will be handled by the new company.

Bass will have the major share of control with five directors on Britannia's board compared to Whitbread's three. The new managing director, Mr. Peter Hewitt, is a Bass man, who is currently managing director of Canada Dry.

News Analysis, Page 6

## U.S. exporters offer low-cost shipments of coal to CEBG

By Ray Dafter, Energy Editor

AMERICAN coal exporters are beating a path to the door of the Central Electricity Generating Board. Recently, the Board has been offered shipments by about 150 U.S. companies, often at prices lower than those quoted by the National Coal Board.

But the Board is turning the salesmen away, for the same reason that has stimulated the inquiries. The economic recession which has contributed to surplus coal capacity in the U.S. has dampened demand for electricity—and thus generating fuel—in the UK.

"We are not in the market for fresh tonnage," the CEBG said yesterday.

Even so, imports are expected

to rise to about 5m tonnes in the present financial year against about 2.5m tonnes in 1979-80 and an estimated total coal consumption this year of 80m to 85m tonnes. This is as a result of trading agreements already in hand. Most of the steam-raising coal imported by the CEBG comes from Poland and the U.S.

American coal producers see the UK electricity industry, with its reliance on coal-fired generation, as an attractive market for the new export trade which is expected to develop over this decade.

Mr. Ralph Bailey, chairman

and chief executive officer of Conoco, said in London that the UK market should find coal produced in the eastern states of the U.S. particularly attractive because of its cost and heat value. His company had had preliminary talks with CEBG, he said. "The UK has demonstrated a keen interest in our coal."

Conoco was looking for both immediate and long-term export contracts. The company had recently acquired a coal terminal in the Port of Baltimore, recognising, said Mr. Bailey, that the lack of transportation facilities could hinder the development of the international coal trade.

## Proposal for switch in money supply gets cool reception

By Our Economics Correspondent

SUGGESTIONS for switching to a system of monetary base control as a more effective means of regulating the money supply were somewhat sceptically received at yesterday's monetary seminar organised by the Bank of England and Treasury.

The seminar, held behind closed doors in Church House, Westminster, attracted leading academics, stockbrokers and City economists to compare views on money supply control

with Government officials.

A move towards a system of monetary base control would require the authorities to switch away from their policy of setting interest rates towards controlling the monetary base—notes and coins plus banks' balances at the Bank of England.

The most telling criticism made yesterday was that the transition period would be a time of great uncertainty.

Companies which feared a

tend to increase their deposits with the banking system, which could lead to the same sort of "once and for all" jump in the money supply that has occurred during the last few months after the ending of the corset controls.

Some participants at the meeting felt that it would be young to switch to a new system at a time when the growth in sterling M3 might at last be coming under control as a by-product of the recession.

It also makes the best of a bad job on the UK's continued trade deficit with the rest of the EEC, pointing out that "it has been contracting, unlike the deficit with the rest of the world."

Inside Brussels, however, it is the decision of Britain's second Commissioner, former Tory MP, Mr. Christopher Tugendhat, to re-publish a report that was first made available to European newspapers in mid-August that is causing concern.

## Laird Group buys U.S. tool maker

By Andrew Fisher

LAIRD GROUP, the heavy engineering company, is starting its first major U.S. venture with the \$52.5m (£22m) purchase of New York Twist Drill Corporation.

The U.S. company, which sells direct to industrial customers without going through distributors, has more than a tenth of the U.S. industrial twist drill market, which totals more than \$220m a year.

Laird, which yesterday announced that its pre-tax profits for the first half of 1980 had risen from £5.04m to £5.43m, is meeting about £12m of the purchase price through a new share issue and the rest in cash.

New York Twist Drill's main markets are the aerospace industry, accounting for a quarter of total sales, and the motor industry which takes about a fifth.

One attraction seen by Laird is the potential in more sophisticated areas of the market—taps and endmills (inserting screw threads and enlarging the bottom of the drilled hole)—where a further \$275m worth of sales are believed to lie for competing companies.

Laird will be acquiring a company with net tangible assets of \$18.5m at June 30, 1980, the end of the U.S. company's financial year, in which pre-tax profits rose from \$5.6m to \$7.4m.

But if the profits are adjusted to accord with UK accounting principles used by Laird, the 1979-80 figure comes down to \$6.7m on sales of just over \$31.3m.

New York Twist Drill makes more than 25,000 different tools which it sells to more than 9,000 customers. Some markets, notably the motor industry, are slack, but Laird said it expects to derive additional strength from the acquisition.

## Weather

UK TODAY  
SOME sunshine, mostly dry but occasional rain.  
London, Midlands, S. England, Channel Islands  
Sunny intervals developing, some light rain at first. Max. 17C (63F).

N. England, Scotland  
Sunny periods, rain later in places, winds freshening. Max. 16C (61F).

Wales, N. Ireland  
Mostly cloudy with bright intervals, rain early and late in places. Max. 16C (61F).

Outlook: Changeable with rain spreading from west. Rather cold in north.

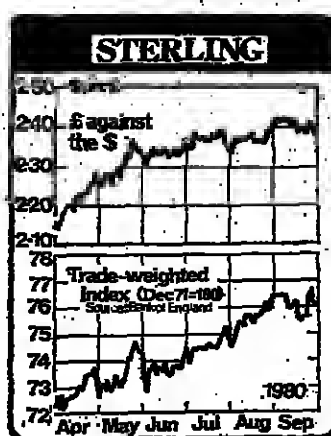
	Y'day	Today	Y'day
	°C	°C	°F
Ajaccio	27	61	79
Amsterdam	17	63	79
Antwerp	16	62	78
Bahrein	34	93	109
Barcelona	28	78	104
Belfast	17	63	78
Bombay	27	81	100
Buenos Aires	11	52	62
Cairo	16	61	78
Canton	22	72	82
Cebu	24	75	85
Dublin	14	57	71
Hankow	18	64	79
Hong Kong	24	75	85
Kobe	14	57	71
London	17	63	78
Lyons	17	63	78
Manila	22	72	82
Medan	24	75	85
Montreal	18	64	79
Moscow	14	57	71
Mumbai	27	81	100
Nairobi	16	61	78
Naples	18	64	79
Newcastle	15	59	70
New York	16	61	78
Nicosia	19	66	79
Osaka	18	64	79
Paris	14	57	71
Perth	23	73	83
Peking	13	55	69
Rangoon	27	81	100
Rio de Janeiro	22	72	82
Rome	18	64	79
Salt Lake City	22	72	82
Sao Paulo	22	72	82
Singapore	24	75	85
Sydney	12	54	69
Taipei	22	72	82
Tokyo	18	64	79
Toronto	14	57	71
Valencia	18	64	79
Vancouver	13	55	69
Vienna	17	63	78
Zurich	23	73	83

C-Cloudy, F-Fair, G-Fog, R-Rain, S-Sunny, St-Sleet, Sn-Snow.

THE LEX COLUMN

## Gazing into the futures

Index fell 5.4 to 475.6



which has performed strongly in recent months, rose a further 9p yesterday to 223p. In fact, at the trading level once the change in wage award timings is taken into account profits are down 23 per cent. Nevertheless, volumes have held firm and the company says that gross margins have at last stopped declining.

While the company may well have gained market share at the expense of the non-specialists and the independents, it seems likely that demand has held up relatively well in the electricals sector. At the same time aggressive price-cutting seems to have eased. Currys has also benefited from a cut in staff levels of about 5 per cent, a switch in sales mix from smaller to larger items and the introduction of own brands.

So pre-tax profits for the full year may be squeezed only a few percentage points from the £11.9m last time, to produce a prospective p/e of below 10, fully-taxed. The rating reflects the market's wait-and-see attitude as the company pushes into cash-hungry TV rental, transforming liquidity of £15m into borrowings of possibly £20m in the next few years.

### Laird Group

On Friday BTR tapped the London stock market for £60m to help its U.S. expansion, and bot on its heels yesterday came Laird Group with a £12m share placing which—topped up by some £10m of group cash—will pay for the purchase of New York Twist Drill Corporation.

Laird has been searching long and hard in the UK for acquisitions, so it is symptomatic of the unpromising climate in British industry that it has gone across the Atlantic. Having shut down Patent Shaft

Stied its operational base has now shifted significantly overseas, although with the German and French motor component businesses under pressure it is unlikely that the overseas profit contribution this year will rise above the two-fifths or so of 1979.

Its half-time profits, also published yesterday, show an improvement from £5.04m to £5.43m before tax, but allowing for £1m of loss elimination at Patent Shaft and some reduction in net interest outgoings, the underlying trading returns are down. This reflects not only motor components but also the transport engineering business where temporary problems have delayed deliveries. But profits in specialised engineering and the service businesses are up, and there is a good chance that the year as a whole could show some improvement.

On the face of it Laird has paid heavily for NYTDC, the price being nearly three times net assets and over seven times pre-tax profits. But NYTDC has a strong growth record, and Laird reckons that the U.S. tax charge will be nil or minimal for several years. Even so earnings dilution could be a tenth or more (the equity in issue is being expanded by more than 20 per cent) and the share price fell 5p yesterday to 108p. At this level the prospective p/e on the actual tax charge could be around 7, and the yield is only 5 per cent.

### Cope Allman

Recession or not, the British public is still spending increasing sums on Bell-Fruit machines and space-age video-games. This is helping Cope Allman to cushion the suffering of some of its manufacturing businesses, and the leisure division now contributes more than 40 per cent of group profits. Nevertheless the pre-tax total has slipped from £11.3m to £11.1m on turnover of nearly £200m, and the current year is proving even tougher. Despite the strength in leisure activities, Cope has been hit by sharply higher interest charges, by sparse order books and by customer de-stocking.

Interim profits could well be halved in the current year to next June, and at this stage it appears the group may not pass £10m for the full 12 months. But the Home Office could give its approval next February to a sharp rise in UK "stakes and payout" rates, a bonus for Bell-Fruit if it happens, and a basis for recovery for Cope. At 70p, up 1p yesterday, the yield is 8.7 per cent on a marginally higher dividend.

## Finance Directors and Treasurers

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